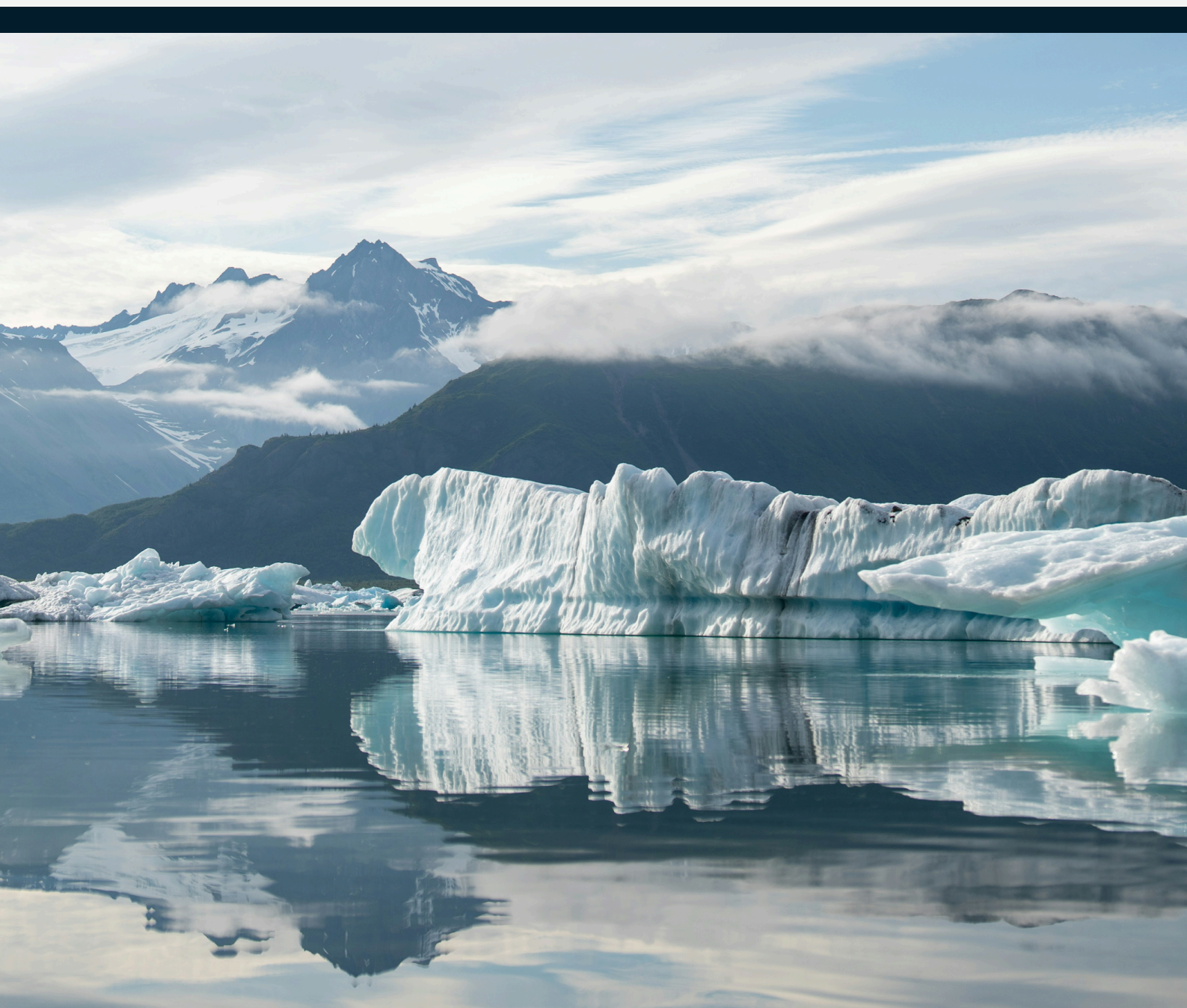


Finland Does Not Have a Succession Crisis. It Has a Readiness Crisis.

How 70,000 Finnish SMEs are approaching a transfer wave they are not prepared for and why readiness can transform it into a national renewal cycle



December 2025

Finland Does Not Have a Succession Crisis. It Has a Readiness Crisis.

This brief redefines Finland's perceived "succession crisis" as a structural readiness crisis. While more than 70,000 Finnish SMEs will need to transfer ownership within the next decade, the main obstacle is not a lack of successors but rather that most firms are unprepared for succession. Over 70% of family businesses lack a formal succession plan; 77% have not appointed a successor; and many operate with undocumented processes and founder-dependent structures that complicate valuation, financing, and transition. Owner hesitation is rational: complex tax regulations, fragmented legislation, and high administrative costs create strong incentives to delay planning. Similar risks are evident internationally, particularly in Germany, where profitable but non-transferable firms face comparable issues. The study concludes that if Finland elevates organisational readiness standards, the ownership wave could act as a catalyst for consolidation, productivity improvements, and mid-market growth, turning a structural risk into an opportunity for national renewal.

Executive summary

The prevailing narrative warns that Finland faces an imminent succession crisis as tens of thousands of business owners retire. This analysis demonstrates that this diagnosis is materially incorrect. Finland is not suffering from a shortage of successors; it is suffering from a shortage of successor-ready companies. The distinction is decisive. Buyers exist across multiple categories, but the majority of SMEs are not structured to enable acquisition. Unreadiness, not demographics, is the binding constraint.

More than 70% of Finnish family businesses lack any formal succession plan, and 77% have not named a successor. These figures do not indicate a disappearing candidate pool but an absence of organisational preparation. Most SMEs operate on undocumented processes, founder-dependent decision-making, and inadequate financial reporting for transaction-grade due diligence. When a business cannot be assessed, valued, or operated without its owner, the successor pool becomes irrelevant. The bottleneck is structural.

The scale of the upcoming ownership wave makes this constraint systemic. Approximately 50,000 employer businesses will require transfer within the next decade, representing one-third of all Finnish SMEs with staff. In a well-functioning ecosystem, such turnover would catalyse acquisitions, management buy-ins, and staged exits. In Finland, it exposes a readiness deficit: businesses reach the transfer point before they are operationally capable of being transferred. This mismatch, not market failure, is the root cause of stalled successions, withdrawn buyers, and value leakage.

Owner behaviour is rational within this context. Finland's tax architecture, regulatory fragmentation, and historically complex transition pathways create high activation energy for planning. Owners postpone action not due to cultural reluctance but because the system imposes a disproportionate cognitive and administrative burden. Behaviour that is often interpreted as emotional resistance is, in fact, an efficient adaptation to an intuitive process.

Meanwhile, international parallels reinforce the structural nature of the issue. Germany warns that 250,000 viable Mittelstand firms risk closure due to transfer complexity, not operational weakness. Finland exhibits the same pattern: companies with stable cash flows, loyal employees, and strong customer portfolios face shutdown risk because they are not successor-ready, not because they lack economic potential.

This challenge offers a significant opportunity. Transition models, including changing external managers, Finnvera-supported leveraged buyouts, minority recapitalisations, and professional acquisition routes, are surpassing traditional family succession. Buyers now favour companies with clear governance, transparent operations, and documented procedures — all attainable through targeted readiness investments. Improving readiness positions Finland to transform this ownership transition into the largest SME renewal in its recent history.

The stakes are clear. Without proper preparation, Finland risks unnecessary closures, financial setbacks, and regional economic decline. Adequate readiness turns ownership succession into a driver of productivity, supporting consolidation, professionalising management, reinvesting capital into new ventures, and

expanding the mid-market segment, all of which are vital for international competitiveness. Finland does not need more successors; it needs more businesses prepared for succession. Readiness, not sentiment or demographics, will determine whether the ownership cliff becomes an economic threat or a moment of national renewal.

Key findings

1. Finland's challenge is not a lack of successors, but a shortage of companies prepared for succession. Over 70% of family businesses lack a documented succession plan, and 77% have not appointed a successor, signalling structural unreadiness rather than demographic scarcity. The issue is not availability but organisational transparency.
2. The wave of 50,000 firm transfers exposes a preparedness shortfall, not a market failure. About a third of Finnish employer SMEs will need to transfer ownership within ten years, yet most are not documented, governed, or structured in a way that buyers can evaluate or finance. The issue lies in supply-side readiness, not in demand-side weakness.
3. Owner hesitation is a logical response to a high-friction institutional environment. Complex tax rules, fragmented regulations, and unclear transition pathways create high activation energy for early planning, making delay an economically sensible choice. What appears to be reluctance is behaviour driven by structural factors.
4. High-quality firms are at risk not because they underperform, but because they are non-transferable. Finland reflects Germany's pattern, where profitable SMEs close due to structural unreadiness rather than business failure. Viability does not guarantee continuity

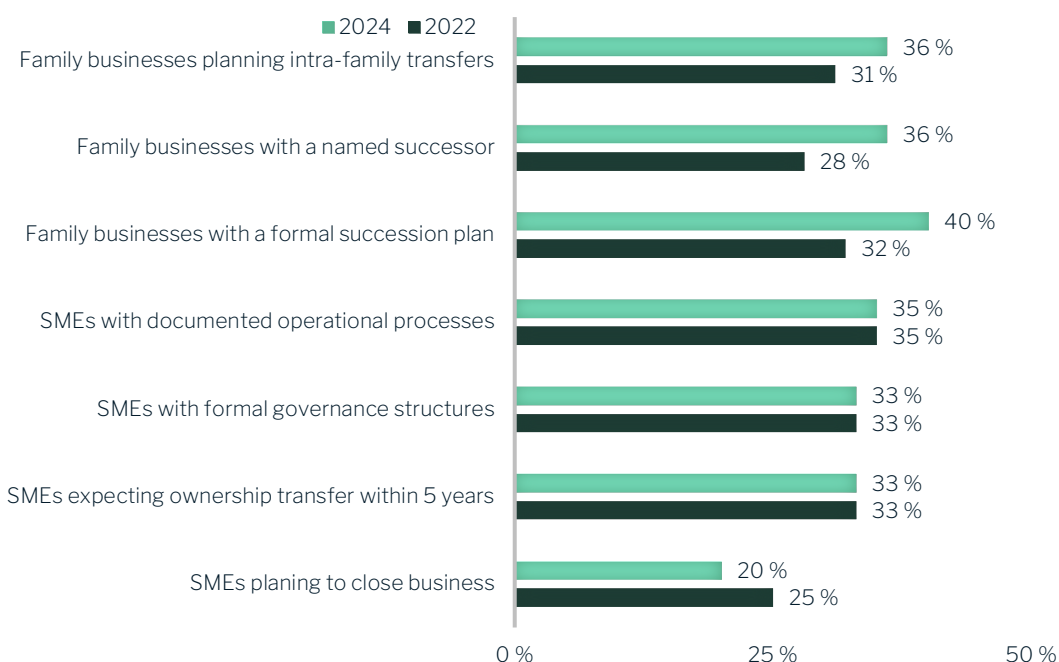
when key-person dependency and operational opacity remain unaddressed.

5. Effective transitions now depend on professionalised financing and external operators rather than traditional family succession. Finnvera-backed buyouts, staged exits, and acquisition entrepreneurs form the strongest successor pipeline, shifting continuity from familial lineage to organisational readiness. The successor pool has modernised, and SMEs must modernise with it.
6. Enhancing readiness transforms the ownership cliff into Finland's greatest opportunity for productivity and renewal. With proper documentation, governance, and financing structures in place, the transfer wave acts as a catalyst for consolidation, capital recycling, and sectoral upgrading. Readiness is the switch that decides whether Finland faces attrition or renewal.

The real problem

Finland's SME sector is facing a dramatic generational shift. The cohort of business founders from the 1970s-90s boom is now approaching traditional retirement age en masse. The average Finnish small-business owner is about 55 years old, and fully 40% of entrepreneurs are already over 55. This greying of ownership is unprecedented: never before has Finland seen so many business leaders on the verge of retirement at the same time. In the coming 5-10 years, virtually all post-war baby-boom entrepreneurs will age past 65, creating a tidal wave of ownership transitions. Put simply, an entire generation of proprietors is poised to exit their businesses.

The volume of firms affected is immense. Estimates by the Ministry of Economic Affairs and



SME Succession Readiness in Finland (2022 vs. 2024)

Family businesses include SMEs with the majority of voting power held by the natural person or persons who established or acquired the company, or their family members.

SMEs consist of all independent businesses with fewer than 250 employees and a turnover of less than €50 million.

Source: Omistajavaihdosbarometri 2022 & 2024

industry groups suggest nearly 50,000 companies will face an ownership transfer within the next decade – and some counts that include micro-enterprises put the figure above 70,000 in the early 2030s. To put this in perspective, that's roughly one-third of Finland's employer businesses. Such a turnover of ownership is historic in scale, dwarfing normal market churn. For example, in recent years, around 3,000–4,000 businesses changed hands annually (including family successions and sales), but the coming years will demand a transfer rate several times higher to reallocate 50k+ enterprises. This pending ownership exodus spans all sectors, but it will hit particularly hard in traditional industries and rural regions where owner age skews higher. Parts of Eastern and Central Finland, for instance, have an outsized share of older entrepreneurs and could see a cascade of retirements in a short span.ⁱ

The upcoming retirement wave functions as a nationwide stress test of organisational readiness. The volume is not the threat; the unreadiness is. In a healthy ecosystem, large-scale ownership turnover would trigger a predictable sequence of acquisitions, management buyouts, and staged transitions. In Finland, the wave reveals a systemic inability to convert viable firms into transferable assets.

This gap becomes evident when measured against transaction criteria. Most SMEs lack decision-rights documentation, successor-integration plans, customer-concentration analysis, or codified operational processes. These omissions make due diligence costly and increase transition risk. A buyer perceives not the company's earnings potential, but the fragility inherent in its undocumented operations.

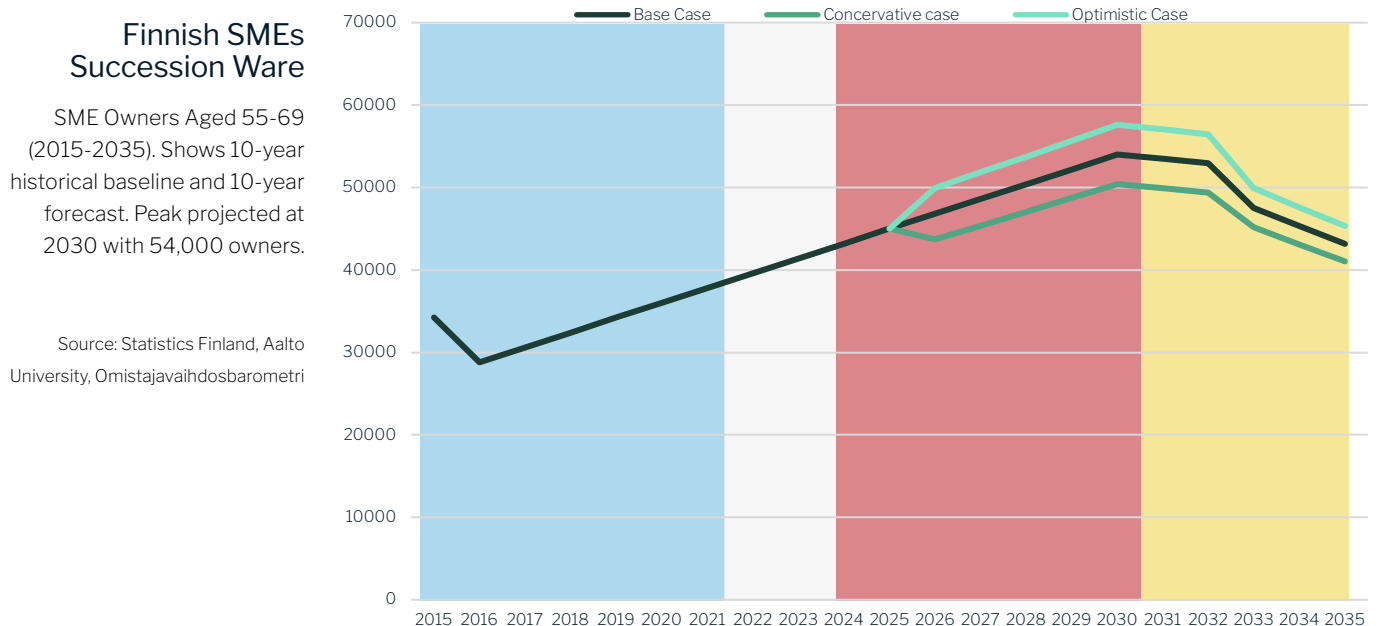
The wave, therefore, exposes a sequencing mismatch: owner exits are accelerating, while transfer-readiness remains stagnant. Finland does

not face a retirement crisis; it faces a throughput crisis. The system cannot process the volume of viable firms seeking transfer because the average SME enters the pipeline in a structurally unprepared state.

The myth of a successor shortage

Despite demographic data forewarning, most Finnish business owners have not prepared for this wave of transitions. There is a striking vacuum in succession planning across the SME landscape. Surveys indicate that about 70% of Finnish family businesses lack a formal succession plan – mirroring a global pattern of procrastination in exit planning. In Finland's case, this translates to thousands of firms where no concrete steps have been taken to identify or groom a future owner. Shockingly, a recent Yrittäjägallup poll found that only roughly one in four entrepreneurs even know who might take over their business if they stepped asideⁱⁱ. In other words, three-quarters of owners have no successor in sight. This holds true even as many of those owners are on the cusp of retirement. This disconnect illustrates how unprepared the majority of businesses are for the inevitable.

The lack of planning is not due to ignorance of the issue, but often due to psychological and practical roadblocks. Founders frequently defer succession discussions, treating them as tomorrow's problem even when time is running short. Candid conversations about succession can be emotionally fraught, so many owners simply avoid them. The result is that succession planning tends to happen, if at all, in a last-minute, ad-hoc fashion. It is common to find a 65-year-old owner who has "meant to" put in place a succession plan for years but never quite did, leaving the business in a precarious state as retirement looms.



This planning gap is dangerous because it leaves firms scrambling when the owner can no longer continue. Without a successor or sale lined up, the default outcome may be to wind down the company. Early 2020s data showed about 15% of Finnish entrepreneurs already needed to hand over their business immediately, yet most had not done the necessary groundwork – a clear indicator of denial. The consequence of this vacuum is that many Finnish SMEs will hit a succession crisis point with minimal preparedness. In practical terms, that can mean rushed fire sales at below-market prices, chaotic handovers to unready family members, or outright closures of otherwise viable businesses. The widespread lack of succession readiness is thus setting the stage for a national wave of underperformance and loss, unless remedied by urgent, proactive measures.

This misdiagnosis distorts policy and owner behaviour. Policymakers focus on incentivising successors rather than professionalising sellers; owners fixate on “finding the right person” rather than building a transferable organisation. The consequence is a circular blame game in which successors withdraw due to opacity, and owners interpret withdrawal as a lack of interest. In reality, successors disengage because the firm cannot be reliably assessed, valued, or operated after the transfer.

Finland’s successor pool is evolving, not disappearing. Younger managers expect clarity on governance, validated financials, and operational documentation — baseline requirements for any professional acquisition. Where these foundations are absent, successors walk away not because of a shortage of willingness but because of an excess of uncertainty. The perceived successor deficit is a structural artefact produced by unreadiness, not market scarcity.

Readiness as the missing link between viability and continuity

Many SMEs at risk of closing are not weak, but structurally non-transferable firms with solid economics, stable EBITDA, long-term customers, and retained earnings that collapse without the founder. They depend on tacit knowledge, informal governance, and undocumented workflows, making continuity reliant on personal rather than organisational capability. There exists a gap between viability and survivability: a profitable business is not always transferable, as buyers seek operational independence and managerial strength rather than sentiment. Finland’s risk is not the disappearance of weak firms, but the failure of high-quality firms unable to transition. Readiness is the main obstacle; without it, profitability alone does not guarantee continuity.

Failures or struggles to find successors are personal tragedies for owners and employees, but

multiplied, pose macroeconomic threats. Family-owned and founder-led businesses are vital to Finland’s economy, providing jobs and services in smaller cities. When these businesses close due to a lack of successors, the impact spreads: jobs are lost, suppliers are affected, and communities are affected. A wave of SME closures could hollow out local economies, creating ‘economic no-man’s lands.

Recognising this, policymakers prioritise succession, viewing a successful transfer as vital to economic health, enterprise preservation, job retention, and growth. Failed transfers result in preventable economic losses, transforming succession from a private to a public concern. Maintaining the continuity of viable businesses is as crucial to Finland’s resilience as fostering startups. The coming years could see a surge of revitalised businesses or widespread closures, profoundly impacting the country’s economic future.

Why does the system produce unreadiness?

If demographics set the stage for the succession challenge, human psychology often determines the outcome. A pervasive but under-discussed barrier to succession in Finland (and globally) is the founder’s reluctance to let go. Many entrepreneurs have poured a lifetime of identity and pride into their businesses; handing over the reins can feel like losing a part of themselves. This emotional attachment breeds succession inertia: owners delay retirement and avoid succession planning as long as possible. In Europe, advisors note that owners often simply avoid the topic entirely – it is not uncommon to hear that “the biggest succession obstacle is in the owner’s head.” Finland is no exception. What is admired as resilience in building a company can become resistance when it is time to exit, an owner determined to continue “just a few more years” rather than face the emotional reality of stepping aside.

Family dynamics further complicate the psychology. In some cases, families do not communicate openly about who will take over – the senior generation might assume the kids are not interested, while the next generation assumes the parents will never relinquish control. These mutual assumptions fester in silence, preventing what could be a workable intra-family succession. In other families, multiple siblings or relatives might all be candidates (or none are), but without mediated discussion, rivalry or uncertainty can paralyse decision-making. There is also the issue of confidence: heirs may doubt their ability to fill the founder’s shoes, especially if the founder has been the charismatic centre of the business. An

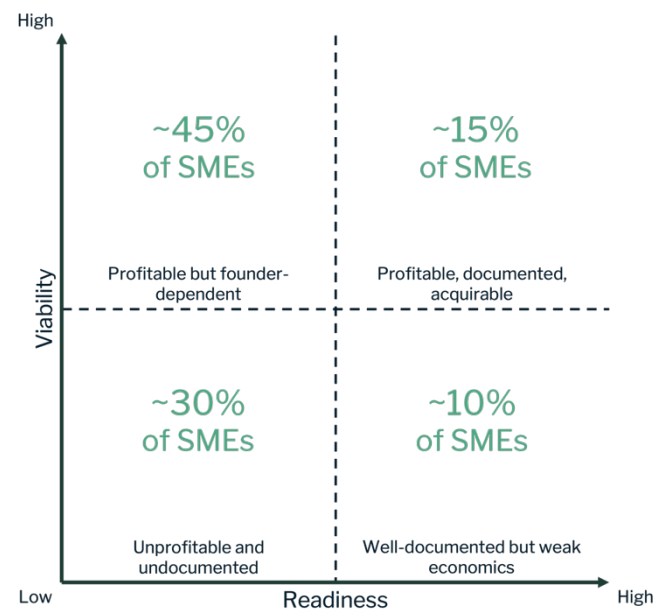
heir-apparent might actually retreat from taking over, fearing they will never measure up, particularly if the founder has not delegated responsibilities over the years. All of this means that many businesses which do have a potential successor on paper still fail to effect a handover because of unresolved personal and interpersonal issues.

However, owner inaction is frequently misinterpreted as emotional reluctance, but the behavioural drivers point elsewhere. When the planning process involves navigating tax liabilities, regulatory uncertainty, fragmented advisory channels, and unclear procedural sequences, the rational decision is to postpone. The system unintentionally penalises early planning and rewards operators who continue business-as-usual until forced to act. The activation energy required to start succession is materially higher than in peer economies. Owners must turn their company into a transferable asset without a standardised pathway, institutional guidelines, or a predictable administrative flow. Under such conditions, immediate operational priorities consistently dominate long-term transition planning. Hence, what appears cultural is primarily structural. Delay is a rational response to high friction, high ambiguity, and low structural support. The system has created the behaviours it then labels as reluctance.

Financial, legal frictions, and valuation gaps

Beyond mindset, financial barriers frequently derail succession plans that do exist. Foremost among these are issues of funding and valuation: How will the successor afford to take over, and at what price? In family-internal successions, this historically ran into Finland's inheritance and gift taxes. Until recently, inheriting a business could trigger a tax bill so burdensome that heirs had to sell assets or take on debt to pay it. Although tax reliefs existed for business transfers, they often did not fully eliminate the pain. As a result, some family businesses in past decades were sold outside the family or liquidated simply because the tax man came calling (a scenario Sweden faced before abolishing its inheritance tax in 2004). Even in sales to an external party, Finnish capital gains taxes and transaction costs can take a bite, influencing the price and the willingness to sell. Thankfully, policy changes effective in 2026 will mitigate some of these issues, but financing the succession remains a central challenge.

For management buy-outs or sales to a new entrepreneur, the question becomes how to raise the capital to pay the retiring owner a fair price. Finland's banking culture has traditionally been conservative about lending for SME buyouts – a management team or young buyer often struggles to secure the loans needed to purchase even a modest-sized company. State-backed financing



(e.g. Finnvera) and private investors are filling some gaps, but many would-be successors still find the financing landscape difficult. If the business is asset-rich but cash-flow poor, financing a buyout is even tougher: the buyer must find money for a company that might not generate much immediate cash to service acquisition debt. This leads to stalemates in which an owner is willing to sell to a manager or an external buyer, but the deal cannot close because the buyer's financing falls short.

Even when financing is arranged, valuation disagreements can torpedo the deal. Founders, understandably, have a strong emotional attachment to their business. This can inflate their price expectations beyond what objective financial metrics support. It is common to see owners anchor to anecdotes (e.g. "I heard a competitor sold for X million") or to include a lifetime of goodwill and "sweat equity" in their asking price. Buyers, on the other hand, value the company on future earnings and risk. The result is a valuation gap: many Finnish owners come to market expecting, say, €10 million for a company that savvy buyers would only pay €6-7 million for. Such gaps are often on the order of 30-40%, large enough to scuttle negotiations. Bridging them requires either time or creative deal structures. In some cases, earn-outs or partial equity roll-overs are used to satisfy the owner's sense of value without burdening the buyer upfront. Without these tactics, however, misaligned expectations remain a frequent deal-killer. It is a classic principal-agent problem exacerbated by the endowment effect: owners irrationally overvalue what they own, while buyers refuse to pay for intangible sentimental value. Combined with the financing constraints above, it is easy to see why even willing sellers and interested buyers often fail to strike a deal, leaving succession plans in limbo.

In addition to personal and financial barriers, a range of legal, regulatory, and market factors can impede ownership transfers. On the legal side, succession can be surprisingly complex. Transferring a company involves corporate, contract, employment, and estate law. The administrative burden of doing everything “by the book” can overwhelm a small business owner. For example, untangling a founder’s intertwined personal and company assets or obtaining regulatory approvals for a license transfer can add months of delay. Finland’s legal system is robust, but that also means plenty of paperwork – a prospect that can deter buyers who lack the resources for a protracted process. In short, the bureaucratic overhead of succession is non-trivial: one must navigate filings, notarizations, possibly trade register updates, etc., which can be daunting for someone who has never sold a company before. Many retiring owners, upon seeing the legal to-do list, are tempted to shelve the succession and carry on, simply to avoid the hassle.

The broader regulatory environment also plays a role in discouraging takeovers. A new owner stepping into a Finnish SME inherits not just the business, but also a web of obligations. For a would-be entrepreneur, acquiring a business in Finland can thus appear less attractive than starting a fresh venture or investing elsewhere, due to these legacy burdens. This is especially true if the company is in a tightly regulated sector or has unionised staff; a newcomer might fear they are buying an administration headache. While these regulations serve important social purposes, their complexity inadvertently raises the bar for successful ownership change.

A thin, fragmented transfer infrastructure forces each succession to be reinvented

Finland’s SME transfer market is structurally thin, not because buyers do not exist, but because most segments lack market liquidity. The overwhelming majority of SMEs operate in niche sectors, tight local geographies, or owner-dependent configurations. These factors reduce the universe of plausible buyers to a handful of actors, even for otherwise attractive firms. Selling a €2 million manufacturing company in Ostrobothnia might require identifying five to ten serious candidates across the entire country. If timing, financing, or valuations misalign with that small group, the owner has no fallback pathway.

This market thinness is structural rather than cyclical. Many SMEs are located in rural or semi-rural regions where potential acquirers are either capacity-constrained or uninterested in geographic expansion. Local service firms, such as restaurants, repair workshops, and logistics operators, often have strong cash flows but weak portability. Their value is rooted in hyperlocal

relationships, which narrow the buyer pool to nearby firms or individuals willing to relocate. Even promising industrial or B2B firms in North Karelia, Kainuu, or Lapland encounter buyer scarcity simply because regional economic density is low. The problem is not business viability; it is spatial economics.

The thin buyer market interacts directly with unreadiness. When only a small number of buyers exist, sellers cannot rely on competitive tension to overcome structural deficiencies. A Helsinki SaaS company can afford imperfect documentation because there are dozens of buyers; a machinery service firm in Seinäjoki cannot. With a shallow pool, the cost of unreadiness multiplies; unclear financials, undocumented processes, or founder-dependent operations push already cautious buyers to withdraw. In a liquid market, unreadiness reduces price; in a thin market, unreadiness eliminates the transaction entirely.

Compounding this is Finland’s fragmented deal infrastructure. SME transfers rarely occur through structured auctions. Instead, transactions rely on accountants, local advisors, lawyer networks, or informal word of mouth. No national marketplace ensures information flow, no standardised templates reduce transaction friction, and no institutional mechanism connects regional sellers with national or Nordic buyers. Broker platforms exist, but they operate with inconsistent quality and limited penetration. As a result, many businesses never reach the one buyer for whom they would have been an excellent strategic fit. Deal matching is opportunistic rather than systematic.

This fragmentation forces every transfer to be reinvented. Due diligence is bespoke. Valuation expectations vary widely. Advisors lack shared standards. Sellers operate in procedural ambiguity, while buyers carry a disproportionate due diligence burden. The result is a market that operates more like a series of isolated negotiations than a functioning economic exchange. In such an environment, even well-run SMEs routinely fail to transact, not due to lack of interest, but due to lack of market architecture.

The result is a systemic pattern: transfer outcomes map more closely to buyer liquidity than to business quality. Without a more liquid market infrastructure, the succession wave will create value leakage, not because companies are unprofitable, but because they cannot be matched to successors at scale.

The opportunity

Professionalised transitions consistently deliver stronger continuity outcomes than traditional family-successor pathways. External managers,

staged exits, minority recapitalisations, and Finnvera-backed leveraged buyouts introduce formal governance, capital discipline, and managerial independence. These models do not rely on bloodline continuity; they rely on organisational readiness: documented processes, validated financials, and clear decision rights. Where readiness exists, transitions are faster, valuations are higher, and post-transfer performance improves.

The successor pool has not shrunk but has shifted upstream. Buyers are increasingly institutional rather than familial: private equity operators, acquisition entrepreneurs, industry consolidators, and professional managers with financing partners. These financial investors bring more than just money to the table. They often provide professional management expertise, governance structures, and networks that a small family firm may lack. This professionalisation push directly addresses some of the talent and governance gaps that plague unprepared successions. Recall that many SMEs have not groomed an internal leader or implemented formal governance. By upgrading management and setting clear growth strategies, PE-backed successions can unlock performance that the lifestyle-oriented founder might never have pursued.

Importantly, many of these deals are structured as phased successions: the founder does not necessarily leave on Day 1. Often, the owner might retain a minority stake or an advisory role for a transitional period, while the PE fund gradually increases its ownership. This phased approach alleviates emotional shock for founders and allows for knowledge transfer over a few years rather than an abrupt break.

Readiness unlocks consolidation, capital recycling, and productivity growth

Readiness is the gating factor for SME consolidation, and consolidation is Finland's most underleveraged productivity driver. The Finnish economy is characterised by a long tail of micro and small firms, many of which are profitable but structurally subscale. These firms often operate with limited managerial depth, thin margins, constrained investment capacity, and regionally bounded customer bases. When these companies are transfer-ready, they become acquisition targets that can be integrated into larger, better-capitalised structures. When unreadiness prevails, the consolidation pathway collapses, and sectoral fragmentation persists.

Consolidation delivers measurable productivity uplifts. Larger operators can centralise procurement, invest in digital infrastructure, professionalise management, and expand into higher-margin segments. However, consolidation only occurs when firms are packaged in a form that

acquirers can absorb, including documented processes, validated financial statements, contractual clarity, and transferable customer relationships. In Finland, this packaging gap is the primary reason consolidation lags behind peer economies like Denmark, where M&A readiness norms are widely institutionalised.

Capital recycling accelerates when owners can exit efficiently. A transfer-ready business enables owners to monetise decades of accumulated enterprise value and reinvest that capital into new ventures, property, or financial markets. This rotation injects liquidity into the economy, distributes ownership to operationally capable successors, and reduces the number of firms that die with their founders. Conversely, unreadiness locks capital in illiquid firms until they close or wind down, destroying value and eliminating reinvestment potential.

Readiness also lowers the risk premium on SME acquisitions. Buyers, whether strategic or financial, apply steep discounts to firms with undocumented operations, implicit knowledge dependencies, or compliance uncertainties. These discounts are not judgments on the business model but penalties for opacity. When the opacity is removed, discounts compress, valuations increase, and acquisition pipelines widen. A ready firm becomes a tradable asset; an unreadiness-bound firm becomes a liability.

From a sectoral perspective, readiness is the mechanism through which Finland can expand its mid-market segment. Companies with €5-€50 million in turnover that drive exports, innovation, and international competitiveness. The German Mittelstand and Danish mid-market demonstrate how scaled firms create stable employment, invest in technology, and anchor regional economies. Finland's SME layer contains the raw material for such a mid-market, but the lack of readiness prevents firms from transitioning into the consolidation and investment cycles required to scale.

The productivity uplift is systemic, not marginal. Transfer-ready firms can be merged into regional platforms, integrated into national operators, or consolidated under private investors who introduce managerial discipline, digitalisation, and capital expansion. This transforms a fragmented sector into a coordinated one, raising average productivity. Without readiness, Finland's SME structure remains over-fragmented, under-scaled, and operationally inconsistent.

Readiness also influences talent allocation. Professional managers and external successors are more willing to take on leadership roles in companies where governance clarity, process transparency, and strategic continuity are in place. In firms with high unpreparedness, high-quality managers avoid CEO roles because operational

ambiguity is too high. This misallocation of talent slows growth and entrenches founder dependency. Readiness reverses this dynamic by creating credible leadership environments that attract capable operators.

Financial institutions respond similarly. Bank lending, Finnvera-backed financing, and private investor participation all depend on organisational clarity. A documented, transparent firm experiences lower financing friction and can access growth capital post-acquisition. In firms bound by unreadiness, financing dries up not because of poor economics but because of structural opacity. Readiness is therefore not only a governance asset, but a financing multiplier.

Policy and Ecosystem Shifts Enabling Transitions

Facing a major succession challenge, Finnish policymakers and support groups are making structural reforms to ease ownership transfers. Starting in 2026, inheritance and gift taxes on business transfers will be reduced or eliminated if successors commit to running the business for at least 5 years, aligning Finland with countries such as Sweden and Norway. Tax-free gift thresholds are raised, and heirs have more time to pay taxes, reducing liquidity issues and preventing forced sales to cover taxes, addressing a key barrier. Policymakers are open to further measures, such as abolishing inheritance tax on businesses and expanding tax incentives for external acquisitions, reflecting a shift to facilitate business preservation. Beyond taxes, efforts include building the succession infrastructure, such as networks, financing, and advisory services. The Omistajanvaihdosfoorumi coalition works to speed up and smooth transfers by raising awareness and connecting buyers and sellers. As a result, 70% of small business owners now know where to seek help with succession planning. State-backed financing has increased, with Finnvera supporting more acquisition loans, which rose by 30% in early 2025, indicating rising demand and a more initiative-taking credit supply. Private banks and investors are collaborating on management buyouts and external takeovers, creating a fragmented marketplace for SME transfers.

A key aspect of the ecosystem transformation is education and mentorship. Organisations like Suomen Yrityskummit have initiated training focused on successful ownership transfers, aiming to guide retiring owners in preparing their businesses for sale or succession. Topics include realistic business valuation, enhancing "sale readiness," and managing the human aspects of transition. The principle is straightforward: a well-prepared business with transparent finances, documented processes, and capable second-tier management is much easier to sell or transfer. Mentors emphasise starting these preparations

early; if followed, that advice can significantly improve outcomes. There is also an effort to destigmatise business sales; owners are encouraged to view it as a natural next step rather than a failure, and sometimes even an opportunity for growth under new leadership. Government campaigns and regional agencies support this perspective by sharing success stories of expansion through sales and urging owners to act proactively. While shifting cultural attitudes takes time, they are essential complements to financial and policy measures. Overall, these ecosystem initiatives form a scaffolding that supports many future successions. Finland recognises that saving these businesses requires a collective effort, gradually building the institutions and incentives for a smoother marketplace of business transfers, replacing the previously high-friction, unpredictable process.

The ownership wave is Finland's largest economic reallocation event

The upcoming decade signifies Finland's most substantial reallocation of enterprise value since the post-war era. Tens of billions of euros will be exchanged across sectors such as manufacturing, logistics, construction, professional services, and regional industries. The fundamental macroeconomic inquiry concerns not whether this reallocation will occur, but whether value is preserved, augmented, or diminished throughout the process. The level of preparedness critically influences the trajectory.

Should SMEs remain constrained by unpreparedness, the wave of ownership transfer may devolve into a cycle of loss. High-calibre firms may cease operations, regional economic bases may diminish, and opportunities for consolidation may be lost over time. Finland could witness value erosion not from underperforming companies, but from those incapable of transfer.

Conversely, if preparedness is embedded systematically through improvements in governance, standardised documentation, and reliable financing channels, this wave can become a cycle of national rejuvenation. Thousands of companies could transition into the possession of more capital-rich, scalable, and digitally proficient operators. Such developments would lead to increased productivity, stabilisation of regional economies, and fortification of the mid-market segment. Ultimately, preparedness emerges as a macroeconomic determinant: it influences whether Finland encounters enterprise decline or enterprise revitalisation.

HBG Perspective

HBG's view is that Finland's ownership decline is not a contraction but a structural renewal process.

SME owners should see succession or sale as a strategic step, aimed at formalising the business, expanding its capabilities, and preparing it for the next growth phase. Business leaders should see the upcoming availability of SMEs as a scalable acquisition opportunity that boosts domestic sectors, develops mid-market players, and enhances Finland’s competitiveness internationally. For policymakers, the key is to establish readiness infrastructure before the transfer wave peaks. This involves standardised guidance, targeted incentives, and national coordination mechanisms that ensure viable businesses are passed to capable successors rather than disappearing due to bureaucratic barriers. Over the next decade, Finland’s business landscape will mirror current decisions: either widespread decline or systematic renewal driven by new owners, consolidated platforms, and expanded regional operators. The timing is crucial, but the conditions are promising. With strategic planning, transaction-ready SMEs, and aligned incentives, the ownership transfer can function as a national productivity boost rather than a systemic risk. The decline is not inherently threatening; it becomes one only if preparedness is ignored.

Embrace Succession as Strategy, Not Survival

HBG urges owners to reframe succession as a strategic initiative rather than a taboo. Early HBG encourages Finland to innovate in business succession financing through creative instruments, public support, and policy incentives. Banks can offer more flexible loans, including guarantees and co-funding, while municipalities or regional funds could buy vital local businesses to prevent community loss. Employee buyouts with share plans may motivate staff, transforming them into partners. Overcoming barriers requires professional, creative, and empathetic approaches rather than simple handovers. Policy reforms such as tax-deferred rollovers and streamlined transfer permits, along with grants or subsidies, can help drive success stories. Public campaigns highlighting successful handovers can shift mindsets. Stakeholders must collaborate,

including owners, financiers, advisors, and policymakers, to enable smooth transitions and prevent economic decline from avoidable business failures. a growth phase. Owners should set clear goals and prepare accordingly. This includes grooming successors or strengthening management for sale, which boosts attractiveness and performance. Research shows early planning enhances growth and focus, creating a virtuous cycle; neglect leads to value loss. Overcoming emotional resistance is key. Owners should see succession as leadership development and risk management, and set incremental goals to avoid delays. Engaging outside advisors and forming family councils can aid honest dialogue. Treat succession like a major project: set timelines, allocate resources, and measure progress to ensure a successful outcome.

Owners should consider all options beyond just transferring to a family member or selling outright. Hybrid paths, such as phased transitions, partial sales with continued involvement, or external management buy-in, can maximise value and ease transitions. Bringing in professional leadership early can make the company more saleable. Businesses with owner-initiative-taking about legacy tend to weather ownership changes better, viewing succession as a strategic opportunity rather than just an operational hurdle.

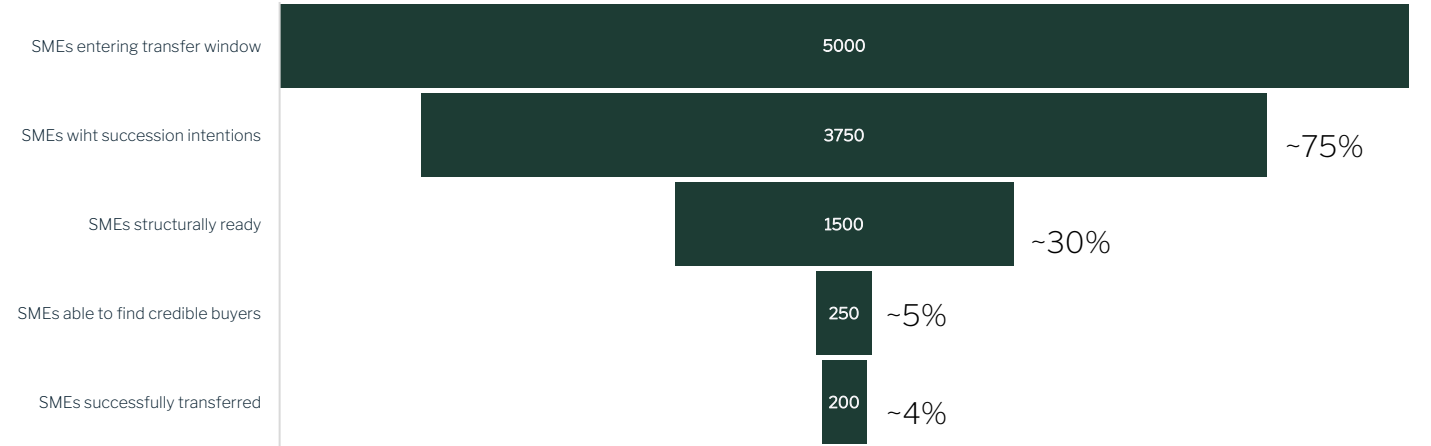
Overcome Barriers with Professionalism and Incentives

Section 2 examined barriers to successions, which HBG believes can be managed with the right approach and incentives. To address founders' emotional reluctance, creating governance structures, such as advisory boards or independent directors, can provide objective input. External voices, such as seasoned board

SME Transition Funnel

Estimated figures derived from a multitude of sources and combined by HBG (in #SMEs)

Source: Yrittäjät, Aalto, Finnish Venture Capital Association, PwC Finland, Statistics Finland, Omistajavaihdosfoorumi, Finnvera



members, reaffirm that succession is a responsibility, not betrayal. Incentives, like tying management bonuses to succession milestones, motivate action. Some Finnish firms include succession planning in their KPIs, shifting the focus from personal readiness to business continuity. Financial barriers can be addressed through flexible deal structures, such as earn-outs or seller financing, that align incentives and share risk. Exploring minority stakes or phased sales, selling, for example, 60% while retaining 40%, can ease emotional concerns, reduce capital needs, and ensure continuity. Gradual succession turns stand-offs into win-wins, as many family businesses now recognise.

HBG encourages Finland to innovate in business succession financing through creative instruments, public support, and policy incentives. Banks can offer more flexible loans, including

guarantees and co-funding, while municipalities or regional funds could buy vital local businesses to prevent community loss. Employee buyouts with share plans may motivate staff, transforming them into partners. Overcoming barriers requires professional, creative, and empathetic approaches rather than simple handovers. Policy reforms such as tax-deferred rollovers and streamlined transfer permits, along with grants or subsidies, can help drive success stories. Public campaigns highlighting successful handovers can shift mindsets. Stakeholders must collaborate, including owners, financiers, advisors, and policymakers, to enable smooth transitions and prevent economic decline from avoidable business failures.ⁱⁱⁱ

ⁱ Finnvera. "Finnvera's Janne Koivuniemi: Vitality of the SME field requires stirring up ownership transfers." Finnvera, n.d., www.finnvera.fi/eng/finnvera/newsroom/articles/finnveras-janne-koivuniemi-vitality-of-the-sme-field-requires-stirring-up-ownership-transfers.

ⁱⁱ Suomen Yrittäjät. "Yrittäjägallup: Vain vajaa neljännes yrittäjistä tietää yritykselleen jatkajan." Suomen Yrittäjät, 12 June 2024, www.yrittajat.fi/ajankohtaista/tiedotteet/yrittajagallup-vain-vajaa-neljannes-yrittajista-tietaa-yritykselleen-jatkajan/.

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HELSING Business Group advises clients on the legal, financial, and structural decisions that define ownership, control, and long-term performance. We operate as a unified platform combining cross-border transaction law, corporate finance execution, governance architecture, and strategic decision support.

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