



TRANSITION TOWARDS ENTREPRENEURSHIP

“COUVEUSES” *IN FRANCE*

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INDEX

INTRODUCTION 4

COUVEUSES - DEFINITION..... 4

COUVEUSES OBJECTIVES..... 4

COUVEUSES VERSUS INCUBATORS..... 5

KIND OF BUSINESSES SUPPORTED BY THE COUVEUSES 5

COUVEUSES PARTNERS..... 6

COUVEUSES BENEFICIARIES 6

 Kind of Beneficiaries..... 6

 Selection of the Beneficiaries 7

 Link between beneficiaries and couveuses..... 7

WORKING MODEL OF THE COUVEUSES 7

 Logistics..... 7

 Human Resources..... 7

 Role of the Couveuses Technicians..... 7

FOLLOW UP OF ENTREPRENEURS..... 8

 Global follow up methodology 8

 Individual Support 8

 Group Support 8

 Training..... 8

SUPPORT AND FINANCE OF THE BENEFICIARY 9

 Initial Budget..... 9

 Invoices of products and services 9

 Commercialization of products 9

 Payment of the couveuses services..... 9

 Distribution of the final results 9

FINANCE OF THE STRUCTURE 10

 ESF Support..... 10

 Contract with governmental institutions 10

LEGISLATION FRAMEWORK 10

 Regulation of Couveuses 10

 Legislation 10

 Pilot Experimentation of *couveuses*..... 10

 Law n. 2003-721 of 1st of August 2003 11

 Edict n. 2005-505 of 19th May – Regulation related with CAPE – Support Contract for Enterprise Creation 11

RESULTS OF COUVEUSES ACTIVITIES 11

CONCLUSIONS 12

BIBLIOGRAPHY..... 13

WEBSITES..... 13

INTRODUCTION

This document is one of the results of the transnational activities developed during the Action 2 of the EQUAL Project CRER – Creation of Enterprises in Rural Area. The transnational project is ENTRE – Transition towards Entrepreneurship which partners are: Réseau des Boutiques de Gestion, from France, VIZO, from Flandres, Belgium and CEPAC Morava from Czech Republic.

The objective of this document is to explain the functioning of *couveuses* – a structure which helps and supports entrepreneurs with the test and experimentation of business ideas, namely, the definition of its partners, objectives, beneficiaries, kind of businesses supported, methodology, legislation and results.

COUVEUSES - DEFINITION

“The *couveuses* are crucial instruments for local development that create new wealth, participate in the creation of new enterprises and contribute to social and professional insertion.”

The *couveuses* emerged in 1995, due to the need of support and follow up of entrepreneurs and due to the lack of entrepreneurial culture and financial support to create new enterprises.

The *couveuses* give a juridical and legal framework to entrepreneurs which allows them to have their economic activity: the *couveuses* organize a real test of the activity, giving entrepreneurs the necessary conditions to analyse the pertinence and economic viability of their project, with the support of partners and finance, and giving them the opportunity of evaluating their capacities to develop their project and decide about the creation or not of the enterprise.

A *couveuse* is a structure that allows the reduction of risk and protects the initial phase of an activity. It optimizes the success possibilities of an entrepreneurial project, giving the promoters the learning about the “entrepreneurs profession”: the entrepreneurs gets used to the emission of invoices, manipulation of information, studying the market and the clients, and on the other side, gives them the possibility of testing the commercial viability of their project.

The added value of the *couveuses* is to permit, before the creation of the enterprise, the test of a business in real context, giving the entrepreneur a legal and secure framework, a learning process and a network of beneficiaries.

COUVEUSES OBJECTIVES

“An original follow up to promoters of enterprises and activities”

The *couveuse* has by objective to organize the test of an enterprise project in real context, characterized by a progressive abandon of the social retributions for economic

retributions; an analysis of the market; a way to an economic activity and knowledge of the entrepreneurial competences.

This test/experimentation of the business will contribute:

- To allow the entrepreneur the test of his/her Project activity in real context
- To provide, through individual and personalized follow up, the appropriation of competences in the field of business management
- To improve in quality the projects
- To increase the survival rate of enterprises

COUVEUSES VERSUS INCUBATORS

“A *couveuse* is NOT an incubator: its mission is not to give space for the development of the activity, but to support in the test of the business idea.”

The *couveuse* of activities or incubators of activities, have by objective, to verify the viability of an enterprise project before the creation of the enterprise, but they are dedicated to a disfavoured public, with social difficulties.

COUVEUSES	INCUBATORS
Help entrepreneurs BEFORE the creation of the enterprise	Help entrepreneurs AFTER the creation of the enterprise
Provide legal support before the registration of the enterprise	Provide space, common services and support
Do not provide space/room for the activity but a legal support and personal advice and information	

KIND OF BUSINESSES SUPPORTED BY THE COUVEUSES

The businesses supported by the *couveuses* can be of several areas, that is, services, handicraft, commerce, cultural and artistic. Nevertheless, some areas can not be supported by *couveuses*, namely, areas with high risk, demands and obligations. For instance: enterprises that need industrial or environmental licence, enterprises that need to have hygiene and security, can not be supported because the *couveuse* will needed to ask for all the licences and certifications for the development of the businesses.

As an example, *couveuses* can support the following activities: services to individuals: hair dresser, musical animation, gardening, cleaning, massages and services and activities to enterprises: design, web design, decoration, translation, informatics, graphic work and independent professions.

COUVEUSES PARTNERS

The couveuses stakeholders are public and private entities that work for social and economic local development, of a certain region, namely entities that work in the support of enterprise creation.

Couveuse partners have by mission to ensure the complementarities of local institutions, the local dimension of the couveuse, the respect for legislation and the search of solutions adapted to the region, defining and establishing a plan that will work as a guide to the development and actuation of the couveuse.

In France, the partners of the couveuse are usually:

- Government Institutions
- Employment public institutions
- Local entities
- Development Associations and Agencies
- Local actors and insertion departments
- Enterprise associations
- Enterprise Support networks
- Enterprises and Foundations

COUVEUSES BENEFICIARIES

Kind of Beneficiaries

The couveuses beneficiaries are people that need to test one activity, before entering in the process of enterprise creation namely:

- Promoters of enterprise creation projects;
- Promoters of projects with social and cultural difficulties and projects diagnosed by local actors
- People with innovative projects, in which the market study available is not sufficient to create the enterprise

The target groups of the couveuse are:

- Unemployed people
- Long Unemployed people
- Young people
- Disabled people
- Women
- Beneficiaries of RSI

Selection of the Beneficiaries

The selection of the beneficiaries is made through instruments to validate the idea, the project and the entrepreneur: validation of the entrepreneurial profile and competences, resources and status.

Before the entrance in the couveuse, the entrepreneur has to validate the idea/project. The validation is made through the support given by the Boutiques de Gestion. The support is mainly training in the field of business planning. It can take from 3 months to one year, depending on the entrepreneur's needs and evolution of the business idea.

Link between beneficiaries and couveuses

There is a legal relation, made through a contract between the couveuse and the entrepreneur in test. It's established an agreement of enterprise creation support, named in France as CAPE (Contrat d'Appui à la Création d' Entreprise), with definition of objectives and activities to be developed during the period of the agreement.

WORKING MODEL OF THE COUVEUSES

Logistics

Most of the couveuses put at disposition of the entrepreneur some services like phone and some copies. They also give the administrative and account management and can give technical support in the commercial area.

Human Resources

A couveuse is a follow up structure with:

- An accountant to organize the entrepreneurs dossiers (not necessarily on full time)
- A responsible for the structure (president/director - not necessarily on full time)
- A project manager/technician to follow up the entrepreneurs
- An administrative person (not necessarily on full time)

It's enough to have three persons in a couveuse: one administrative, one accountant and one project manager.

In France, the *couveuses* are usually associations; these structures need to be organized according to the legislation: they need to have a director, a treasurer... They also need to have a board of directors responsible for the selection and admission of entrepreneurs in the structure.

Role of the Couveuses Technicians

The function of the *couveuses* technicians depends on the objectives and the model of the structures; but is essential to make a commercial coaching to entrepreneurs.

The technician must give support to the entrepreneur in the field, support to prospecting, production organization; organization of commercial work and marketing; definition of quantitative and qualitative goals, diagnosis of resources, support to communication, simulation of contacts and commercial negotiation.

FOLLOW UP OF ENTREPRENEURS

Global follow up methodology

The couveuse methodology is not the same in the different institutions. Although, there is a structured global methodology that can be used and adapted to entities, taking in account their objectives and attributions and needs of the target groups.

Individual Support

- Individual Meetings (seven hours month)
- Meeting in the work of the entrepreneurs or with entrepreneur partners (clients, suppliers,...)
- Intervention of experts in the couveuse and work
- Individual training

Group Support

- Meetings between entrepreneurs
- Exchange of experiences
- Training about specific and common subjects
- Colective training about enterprise creation

Training

The couveuses promote an entrepreneurial culture and the development of competences crucial to the creation and management of an enterprise. These competences can be achieved through a training institution, before the entrance in the couveuse (for instance, the training before couveuse from ADIJE with 5 + 8 weeks or the support given by the Boutiques de Gestion).

The training intends to develop multiple competences, in the field of accounting and management, commercialization, diagnosis of the project, market studies. This training gives orientation and support for the elaboration of the business plan.

Some couveuses also organize collective sessions where entrepreneurs can exchange experiences, practices and difficulties and allow a reflection about common problems, namely:

- Learn about specificities of enterprise management
- Know how: management, accounting
- Know how to behave: meetings appointments, interview techniques
- Use of specific instruments

The support methodology is a global methodology that combines several areas: juridical, economic, organizational, commercial, finance, social and individual.

SUPPORT AND FINANCE OF THE BENEFICIARY

Initial Budget

To go into in the couveuse, the entrepreneur needs to have some budget to make the first buys for the development of the activity. If the entrepreneur doesn't have money available, she/he can ask for a loan to some couveuse partners, linked with business creation and micro credit.

Invoices of products and services

The invoices of services and products sell by the entrepreneur are made by the couveuse. Before the emission of an invoice by the couveuse, the technician needs to have a document signed by the consumer which confirms the development of the service or the delivery of the product.

As soon as the entrepreneur signs an agreement with the couveuse, he/her has to ask for the invoices of raw material in the name of the couveuse.

There is only a VAT number for the commercialization of products and services of all entrepreneurs. All the activities are dependent from the couveuse: the activities are individual but at the same time are collective in terms of taxes, because there is only a VAT number.

Commercialization of products

The responsible for the commercialization of products and services is the entrepreneur in test. He/her must be responsible for the promotion, marketing, commercialization of products and services. Although the invoices are made by the couveuse.

Payment of the couveuses services

There are several modalities for the services payment in the couveuses. The entrepreneur has to pay for the services, depending on the working model and strategy of the couveuse.

For instance, in the case of couveuse CRÉA (located in Avignon), the entrepreneurs must return to the couveuses 10% under the turnover without taxes. Concerning the couveuse GEAI (in Paris), the model is 3% under the results plus 5% under the turnover.

The entrepreneur has also to pay for an insurance of civil and professional responsibility made by the couveuse for all entrepreneurs during the test. The insurance is divided by all entrepreneurs.

Distribution of the final results

The entrepreneur's profit become gratification/salary under the work developed. From the gratification, the couveuse pays the social security. The transfer of the profit is

made through the juridical status that is given to the entrepreneur, in the use of CAPE – Contract of Entrepreneur Support.

The couveuse tries always to pay the services and products sold by the entrepreneur through activities, raw material, training, some equipment that the entrepreneur needs for the development of his/her business, because, even in France, where this structure exist since 1995, the couveuse model is not yet very well defined and structured.

By the end of the test and experimentation, is made and analysis of the accounting situation in order to define the amount/result of the test.

FINANCE OF THE STRUCTURE

ESF Support

There is a possibility of finance of the structure through European Funds, Objective 3, and measure 7: to develop the entrepreneurial spirit and to foster the creation of innovative activities. The support is given by European Social Fund and is eligible 50% of the total expenses.

Contract with governmental institutions

It has been created a regional support dispositive for the creation and development of the couveuses structures, in which this institutions can benefit of a financial support for creation and development.

In the phase of creation, the region gives a subvention of 30 000 € for general couveuses and 45 000 € for couveuses that support projects with the creation of social/solidarity enterprises. In the phase of development, the region gives financial support depending on the number of beneficiaries: 2 000 € for promoter, limited to 45 000 € in the first case and 2 500 €, limited to 50 000 € in the second case.

LEGISLATION FRAMEWORK

Regulation of Couveuses

Although the couveuses exist since 1995, the legal experimentation of couveuses started in 2000. This legal experimentation was given by the Ministry of Employment and Solidarity, through a circular letter from DGEFP – General Delegation of Employment and Professional Training, in 26th of June 2000.

The couveuses concept has the support of a law, created in 2003 which started to be implemented in July 2005, after the publication of an edict on May 2005 for appliance of the “CAPE” – Support Contract to the Creation of an Enterprise. All this process was made in collaboration with the Ministry of Labor and Solidarity, in France.

Legislation

Pilot Experimentation of *couveuses*

The Ministry of Employment and Solidarity, through a circular letter of from DGEFP – General Delegation of Employment and Professional Training, in 26th of June 2000, has given an experimental period to the couveuses with the duration of 18 months. This right to experimentation was conceded to entities that could give juridical and physical support and follow up of entrepreneurs in their project of business and activities creation, in situation of real production, with maintenance or preservation of social privileges.

The circular letter defines the conditions in which these experiences can be developed, taking in account the objectives, and exposes the modalities of follow up and management at local and national level.

Law n. 2003-721 of 1st of August 2003

The law about the economic initiative emerged on 2003 and has by objectives to foster the creation on a million new enterprises in the period of 5 years and to assure the transmission of 500 000 enterprises in 10 years. The law has four main ideas: to secure, to finance, to follow ant to simplify. It contains 28 measures grouped in 7 themes:

1. To simplify the creation of enterprises
2. To simplify the daily life of entrepreneurs
3. To improve the security of the entrepreneurs
4. To facilitate the access to finance
5. To follow up entrepreneurs
6. To be an entrepreneur after being employee
7. To transfer enterprises

In the theme “follow up of entrepreneurs” there are two articles (20 and 21) which regulate the practices developed by the couveuses, creating the CAPE.

Edict n. 2005-505 of 19th May – Regulation related with CAPE – Support Contract for Enterprise Creation

The edict related with CAPE was published in 2005, following the publication of the law about the economic initiative. This edict defines the conditions of status and support of the entrepreneur during the test of business ideas.

RESULTS OF COUVEUSES ACTIVITIES

The Union des Couveuses (network of couveuses in France) makes every year, an analysis of the evolution of couveuses results. The results of the couveuses in 2006 have been very positive¹:

- The couveuses supported 755 entrepreneurs in 2005, 1100 in 2005 and 1857 in 2006

¹ This data is available in http://www.uniondescouveuses.com/intranet/document/section129/rapport_societal_et_activite_2006.pdf

- The positive exit of entrepreneurs during 2006 has been 80%: 58 resulted in the creation of an enterprise; 18% of the beneficiaries found a job; 4% go to training and 20% had another way out;
- The couveuses beneficiaries are long time unemployed people (54%) eand unemployed people of short duration (34%); 12% are in other professional situation;
- In terms of age, 71% of the beneficiaries have between 26 and 45 years,; 22% have more than 46 years old and around 7% less than 26;
- The couveuse is a dispositive that promotes equal opportunities: 58% of the beneficiaries are woman.
- The couveuses activities are in majority services: 67%; 12% are handicraft services and 6% are commerce; 15% of the activities are in the cultural and artistic field.
- The turnover of the entrepreneurs during the test, was, in 2006 4,6 million Euros.

CONCLUSIONS

The couveuses are a support structure of enterprise creation, which allows the test and experimentation of a business idea, without the need of a formal creation of an enterprise.

The beneficiaries of this social economy structures are, mainly, unemployed people, young people, disabled people, woman, people without entrepreneurial spirit; RSI people.

Besides the test of a business activity, the couveuses also foster the promotion of entrepreneurial culture of their target, because they give a global follow up, integrating several areas of a business and an individual follow up, oriented to the needs of their beneficiaries.

Being an instrument that allows the social and professional insertion and training of disfavored people, it becomes indispensable for local development, promoting new wealth and the creation of new enterprises.

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