

# Seminário Pense nas Pequenas Primeiro

Apoio:



Apoio institucional:

Ministério do  
Desenvolvimento, Indústria  
e Comércio Exterior



Realização:



Confederação Nacional de Indústria  
CNI - A FORÇA DO BRASIL INDÚSTRIA

# Implementing the European "Think Small First" principle in Brazil

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# A plan for this presentation

- ◆ **what is** thinking **small** first
- ◆ **reasons** for thinking **small** first
- ◆ **precondition** for thinking **small** first
- ◆ **ways** of thinking **small** first
- ◆ **reasons** for not only thinking **small** first
- ◆ **how** thinking **small** first must fit
- ◆ **implementing** a think **small** first policy for Brazilian small businesses





## What is thinking **small** first?

- ◆ policy makers give full consideration to small businesses at the **early policy development stage**
- ◆ ideally, rules impacting on business should be created **from the small business point of view**
- ◆ **small businesses are considered "prime clients"** by public authorities as far as business regulation is concerned
- ◆ **lighter touch of regulation** can also be beneficial to larger business  
-> **better regulation**



# UK Small Firm Impact Test

- ◆ At an early stage in the Impact Assessment (IA) preparation make a preliminary assessment of businesses likely to be affected
- ◆ Consider alternative approaches for regulating smaller firms
- ◆ Scope issues with a sample of small businesses
- ◆ Determine if there is likely to be a greater impact on the operations and performance of small business than others
- ◆ During consultation, gather detailed data about likely impact on small business, including costing
- ◆ Ensure that the IA covers the impact on small businesses





# Selected good reasons

- ◆ **millions of small businesses that will never benefit** from support programs, anywhere in the world

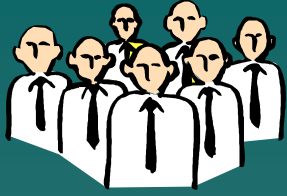
- no demand, no need
- no access, insufficient funds

"enabling environment"

"investment climate"

- ◆ **reducing administrative burden** liberates energy required for core business activities, **increases competitiveness**
- ◆ direct impact **before** the regulatory fact, **not alleviation/ exemption thereafter**

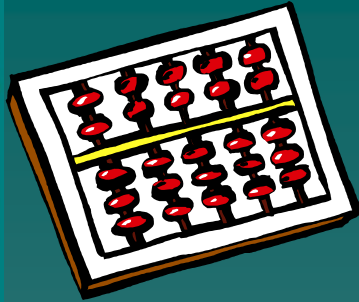




## Precondition (1/2)

- ◆ a solid definition for what is "small" when it comes to business
  - **forget** about the **financial figures**: what characterizes small business is the burden the owner-manager carries and the resulting management challenges
  - **small business definitions without staff headcounts are incomplete**
  - financial figures only are required to define ceilings for government support





## Precondition (2/2)

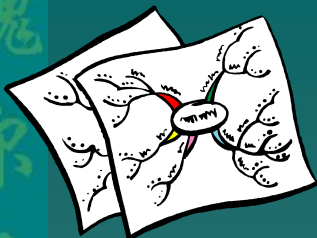
- ◆ How many people? What staff count?  
1 single individual usually cannot directly manage more than 5-8 other individuals (rule of thumb)



- **up to 5-10 staff** is "**micro** enterprise"
- if we need a further management level, that makes a "**small** enterprise" (**up to** ca.7 x ca.7 staff = ca.**50 staff**)
- add another management level, and that makes a "**medium** enterprise"







## Ways of thinking **small** first

- ◆ **high-level** government attachment
- ◆ **informal** consultation, before a new regulation is officially submitted for debate (in some cases: **formal** test)
- ◆ **cross-cutting** task
- ◆ **long-term** function (regulation is here to stay)
- ◆ **estimating compliance cost** as integral part of the assessment
- ◆ actively **exploring alternatives**

some commonalities



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# Reasons to **not only** think **small** first



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# How thinking **small** first **must fit**

- ◆ **one of several key criteria** to be applied by modern governments
  - **regulatory impact assessments**
  - with appropriate **checklists** and support for all criteria



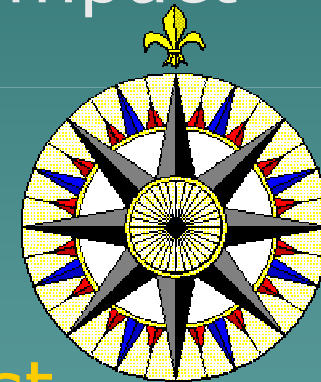
- ◆ **thinking small first**
- ◆ environmental impact
- ◆ health and safety impact
- ◆ special target group impacts
- ◆ . . .

The Brazilian Guide on Good Regulatory Practices



# How to think **small** first in Brazil?

- ◆ reliable, headcount-based SME definition
- ◆ high-level attachment, cross-cutting
- ◆ integrate with existing regulatory impact assessment guidelines
- ◆ develop checklists
- ◆ helpdesk, training, information
- ◆ make estimation of compliance cost mandatory
- ◆ federal, state, municipal levels



small  
first



# Thank you for your interest

For further questions and follow-up  
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