

Case: A One Stop Shop for Small Businesses in Amsterdam

An interview with Erik Gerritsen
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Despite the economic value of the hotel and restaurant sector in Amsterdam, the regulations for acquiring a bar, hotel, or restaurant license in the city were extremely complicated. Especially for nascent immigrant entrepreneurs, the investments of time, money, and energy were prohibitive. A novel, cross-agency, and web-enabled initiative dramatically reduced the complexity and costs of licensing—for the entrepreneurs and the government.

Amsterdam has by far the largest restaurant sector in the Netherlands, with over 3,900 hotels, bars, and restaurants. This sector accounts for 5.5% of Amsterdam's employment and is an essential job market for the disadvantaged, including immigrants and the less well educated. The skills learned working in the restaurant market can be invaluable to setting up small and medium enterprises, and such employment can also be a useful gateway to the job market for young people seeking experience. Current estimates place one in five working people between the ages of 18 and 24 in hotel and restaurant jobs.

Yet, despite the economic value of the hotel and restaurant sector in Amsterdam, the regulations for acquiring a bar, hotel, or restaurant license in the city is prohibitively complicated. An applicant needs to obtain licenses and dispensations from more than 18 different authorities to set up a new business in this sector. These regulations are confusing obstacles to access to city services for aspiring entrepreneurs.

What was the innovation, and how did it improve access?

To simplify and streamline the licensing process, the City of Amsterdam established the "One Stop Shop for Hotel Restaurant Café Licenses" (abbreviated HoReCa1). Applicants can go to this office to fill out a 20-question application form that will determine which of 40 government documents the applicant needs to open a new business. This "One Stop Shop" also provides one form to apply for the seven local licenses necessary for the City of Amsterdam. By focusing on customer service in reforming the licensing system, Amsterdam has been able to tailor its services to the public's needs and simultaneously reduce the costs of processing new applications. The HoReCa1 initiative currently has offices in 14 local boroughs, as well as a functioning do-it-yourself tool online. Civil servants at each of the 14 offices have been trained to handle all 40 permits and licenses, a huge improvement over the local or regional specializations of the previous licensing situation. A demonstration version of the application is available at the initiative's website at <http://www.amsterdam.nl/horeca>.

What were the obstacles you encountered?

The great majority of civil servant knowledge has not been formalized, which means there is a disparity between laws and regulations and the actual service provision offered at the city's offices. By offering an online portal for licensing, Amsterdam's innovators were able to identify what, precisely, was needed to apply for a hotel or restaurant license in the municipality. While reviewing regulations before digitizing them, project workers could identify contradictions and overlaps in bureaucratic legislation. The process of formalizing e-government is an excellent opportunity for city workers to make

application criteria transparent not only to applicants, but also to the civil servants themselves.

Another important obstacle innovators had to overcome was civil servant inertia. By investing in the people offering service at these “One Stop Shops” through active knowledge transfer and training, the HoReCa1 project could become their project. It was essential to engage city workers in the project early to confer a sense of ownership of the initiative on its service providers.

What were the results of the innovation?

Both the administrative burden and administrative costs have been lowered by approximately €1.506 (about U.S. \$2.16) per online application. With a total of more than 3,920 existing bars and restaurants and a changeover rate of about 1/3 each year, the impact is substantial. Since the main local licenses and permits have a duration of 3 years, within the next few years all current entrepreneurs will have the opportunity to use HoReCa1.

The HoReCa1 project is also part of a citywide program to improve access to all city services by simplifying rules and regulations, with the support of all 40 departments within the municipality of Amsterdam. This encourages general acceptance and participation in the program, although many subdivisions still need to be persuaded to participate more actively. The “One Stop Shop” method has now been extended to cover four other sectors: events, construction in public space, building permits, and expatriate affairs (e.g., registration and taxation arranged in advance of arrival). By streamlining city bureaucracy, Amsterdam is working to improve citizen access to licensing services.

The Innovator



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