

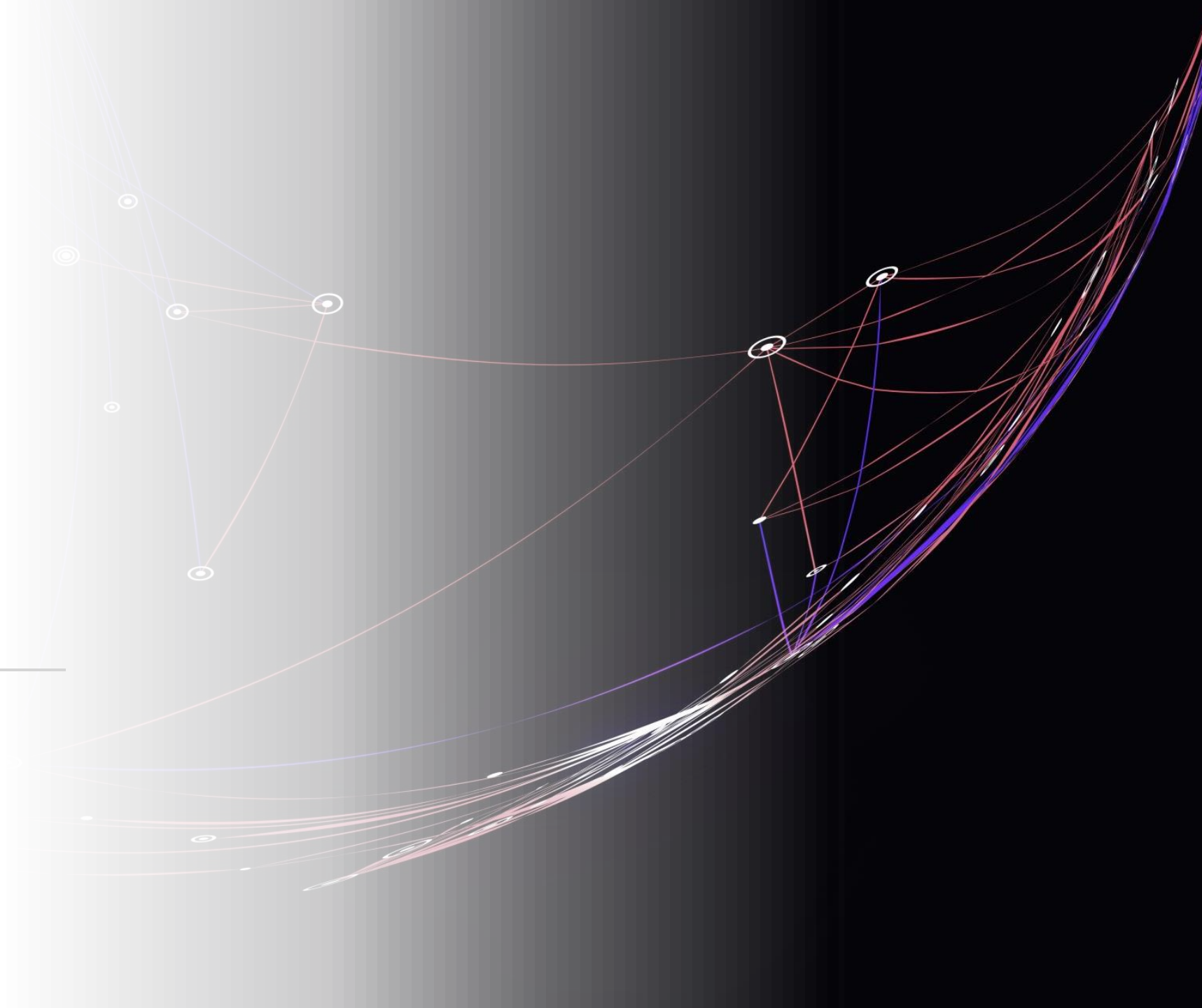


# Introduction

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XASMB Small and Medium-Sized  
Business

27.9.2024

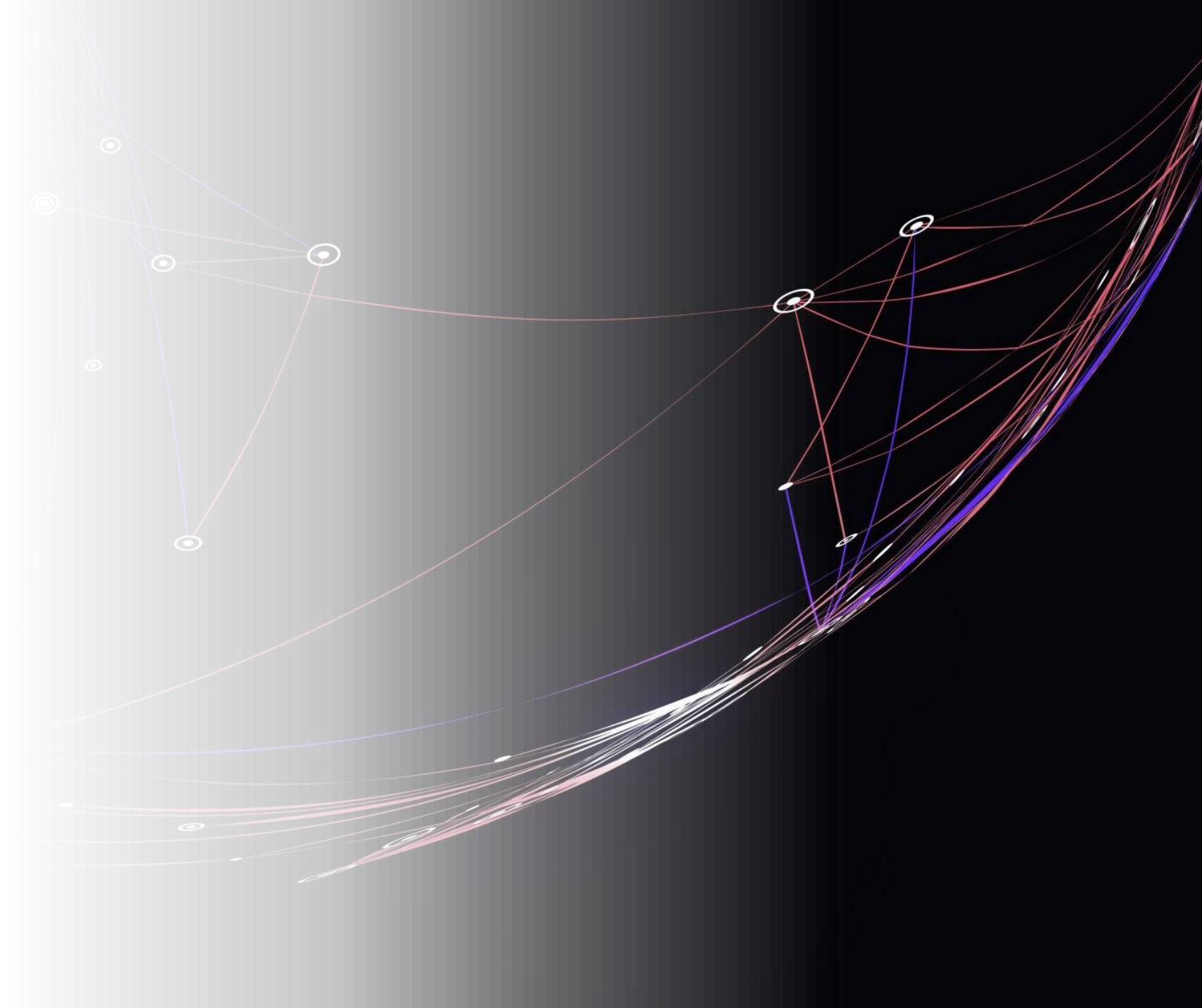




Nice to meet you 😊

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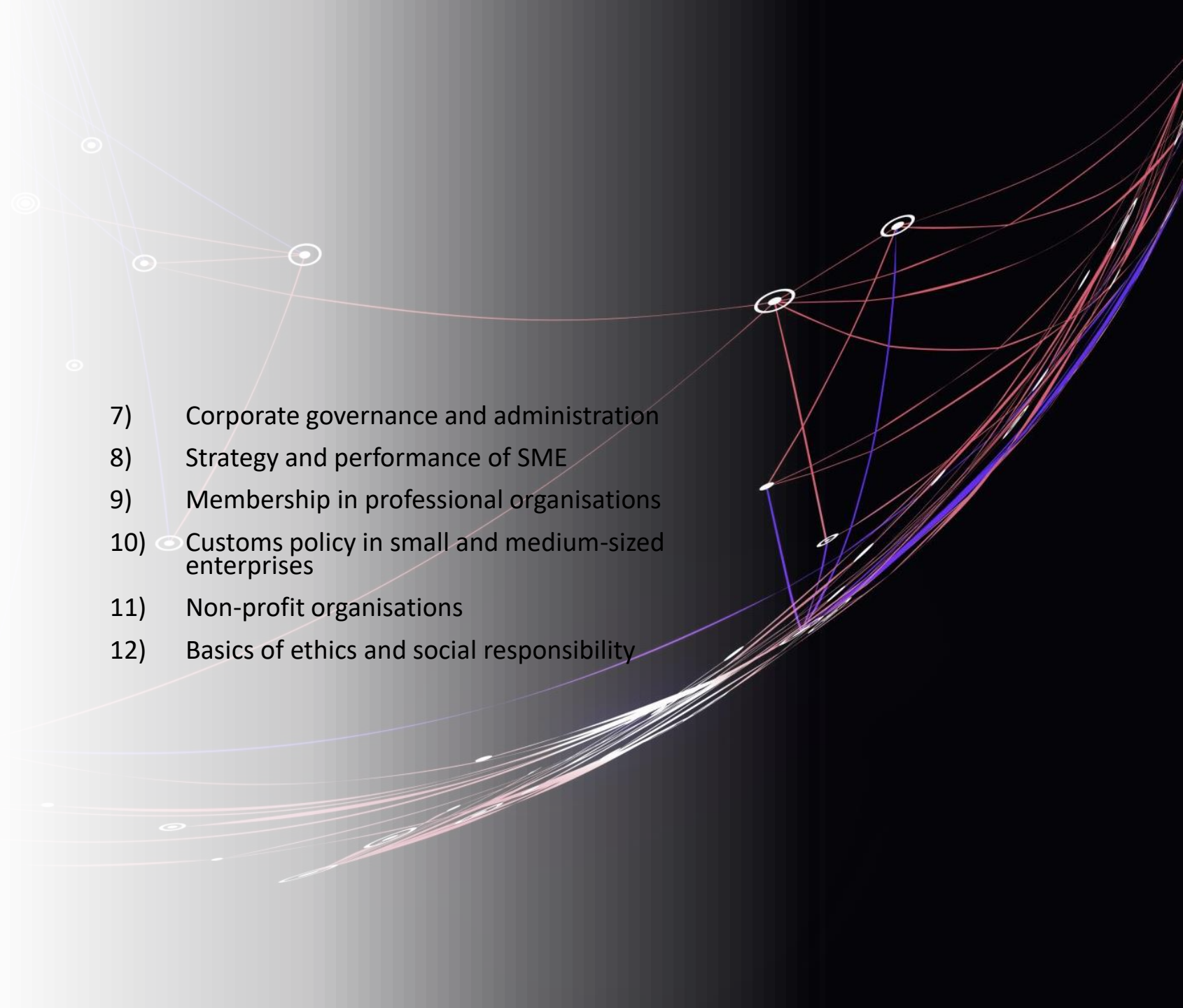
- Mgr. Dagmar Halová
  - PhD. student of economics and management
  - Co-founder of technological startup
  
- And you?
  - Do you want to be an entrepreneur?





## About the course

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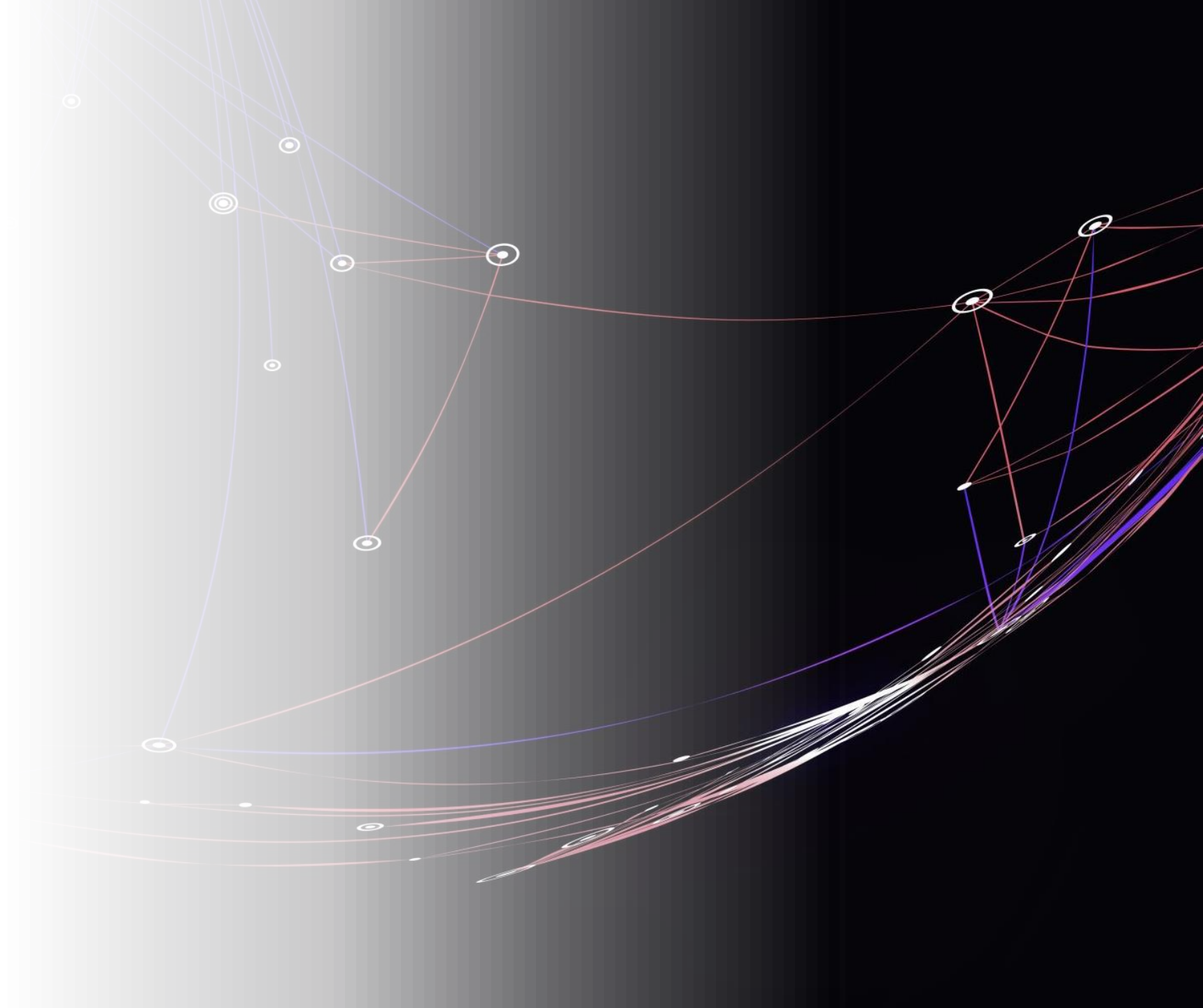
- 1) Introduction
  - 2) Entrepreneurial environment
  - 3) Starting a business
  - 4) Basics of management for entrepreneurs
  - 5) Basics of HR for Entrepreneurs
  - 6) Networking
  - 7) Corporate governance and administration
  - 8) Strategy and performance of SME
  - 9) Membership in professional organisations
  - 10) Customs policy in small and medium-sized enterprises
  - 11) Non-profit organisations
  - 12) Basics of ethics and social responsibility
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## Successful completion of the course

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- 1) Active participation in classes
- 2) Project – Homework for every tutorial
- 3) Test
- 4) Oral examination – presentation of the project

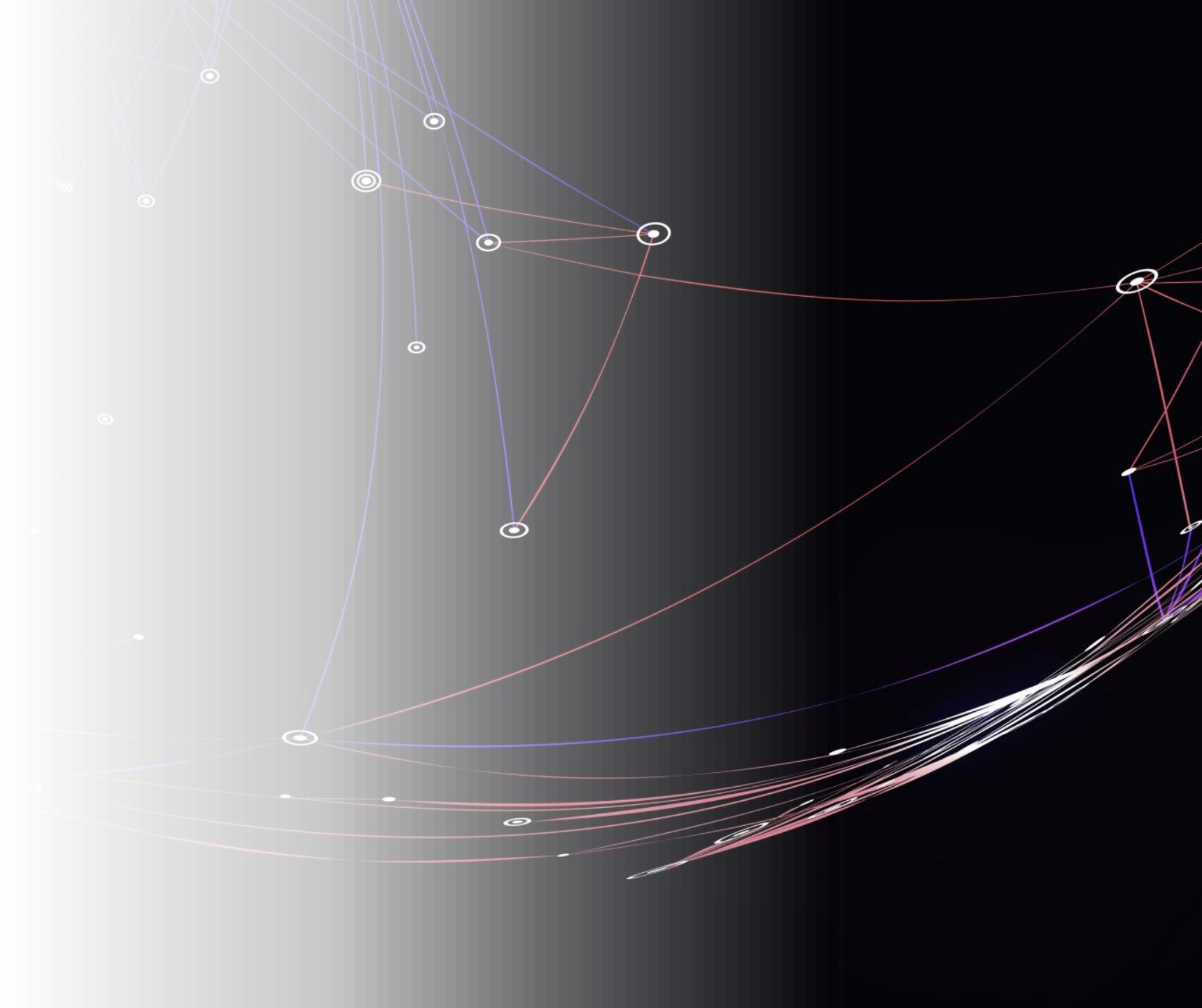




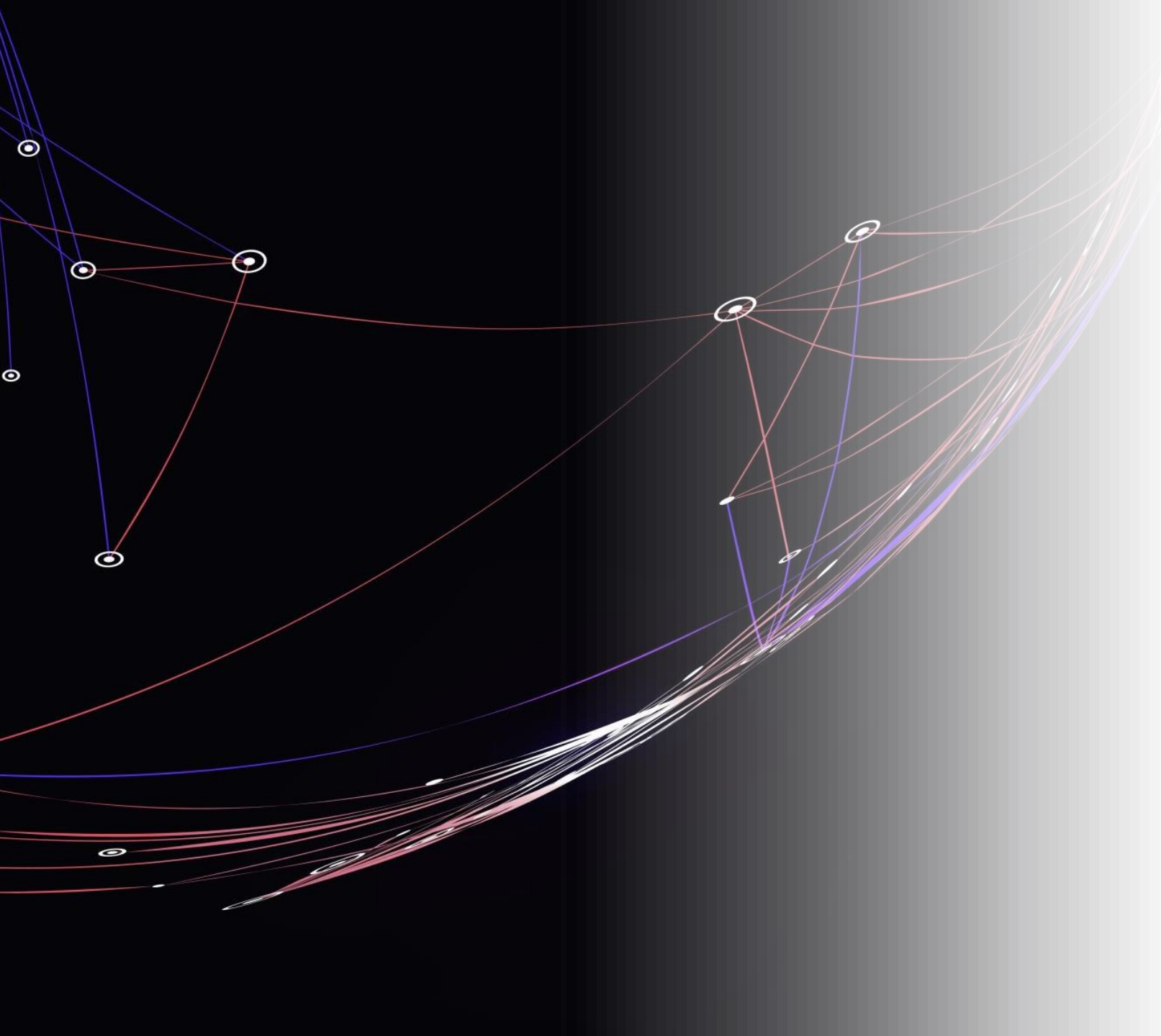
## Information on the organisation of the course

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- Topic 1 and 2: 27.9. 8:30 – 10:00
- Topic 3 and 4: 27.9. 12:30 – 14:00
- Topic 5 and 6: ?
- Topic 7 and 8: ?
- Topic 9 and 10: 22.11. 14:30 – 16:00 (or earlier?)







# Introduction

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Introduction to Small and Medium  
Enterprises

A network graph visualization on a dark background. The graph consists of numerous nodes, represented by small circles, and edges, represented by thin lines. The nodes are arranged in a roughly circular pattern, with some nodes having multiple connections. The edges are colored in shades of blue and red, creating a complex web of connections. The overall appearance is that of a large, interconnected network.

# Basic terminology

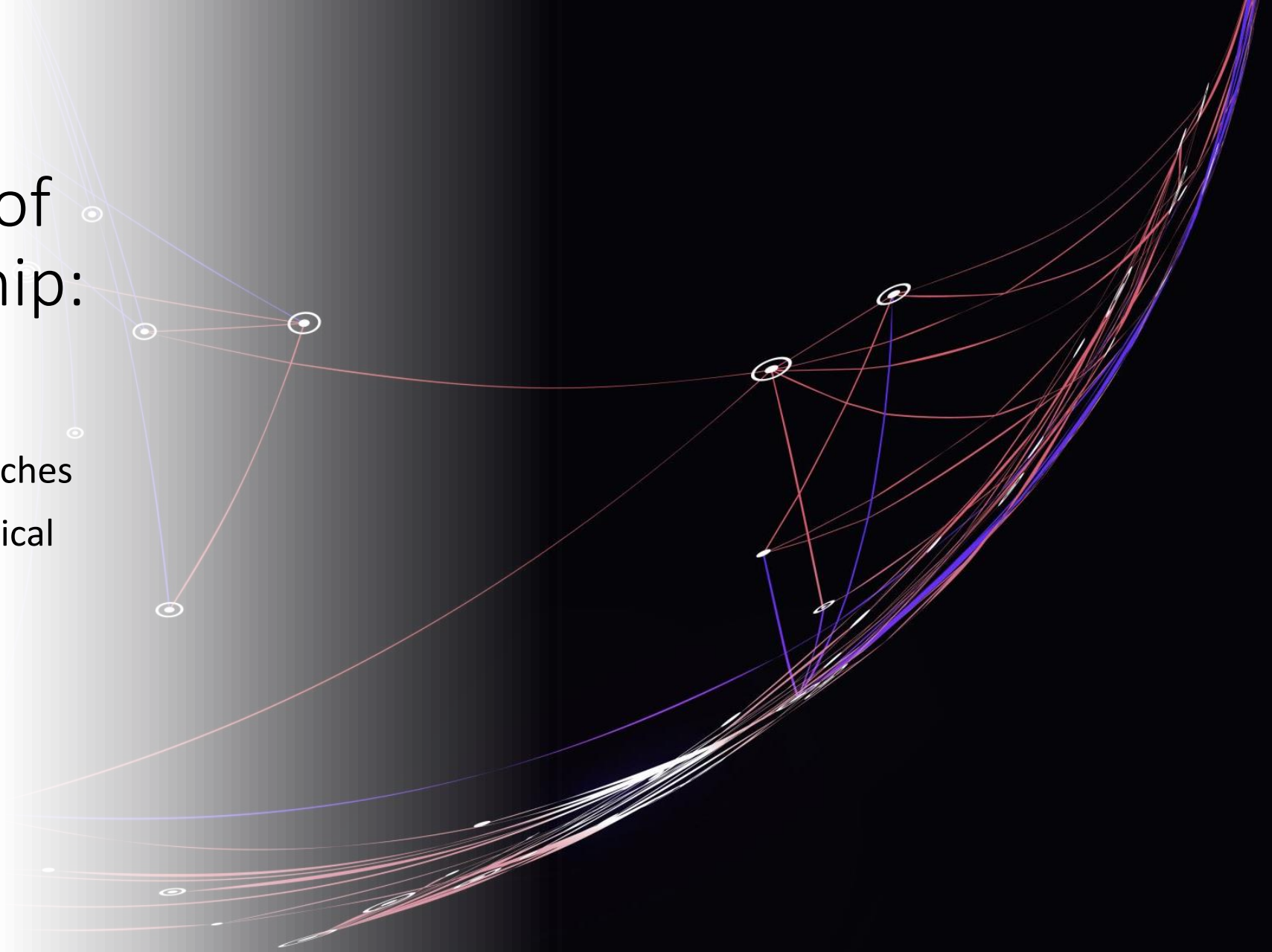
# What is entrepreneurship?

- Economic perspective
  - Entrepreneurship is the utilisation of economic resources and other activities to increase their original value.
- Psychological perspective
  - Entrepreneurship is an activity motivated by the need to acquire something, achieve something, experience something, or fulfill something.
- Sociological perspective
  - Entrepreneurship is the creation of prosperity for all stakeholders, the pursuit of ways to better utilize resources, the generation of employment opportunities.
- Czech legal perspective
  - The new Civil Code defines an entrepreneur as follows: *"Anyone who independently engages in gainful activity on their own account and with responsibility, in a manner characteristic of trade or similar, with the intention of doing so systematically for the purpose of making a profit, is considered, with regard to this activity, to be an entrepreneur."*



# General characteristics of entrepreneurship:

- Purposeful activity
- Initiative, creative approaches
- Utility, added value, practical benefit
- Acceptance of risk
- Cyclical process



# Who is an entrepreneur?



- An individual engaged in entrepreneurial activities with the risk of expansion or loss of their own capital
- An individual capable of recognizing opportunities, mobilizing and utilising resources and means to achieve goals.
- The initiator and driver of business - investing their resources, time, effort, and reputation, assuming responsibility, and bearing the risk with the aim of achieving financial and personal satisfaction.

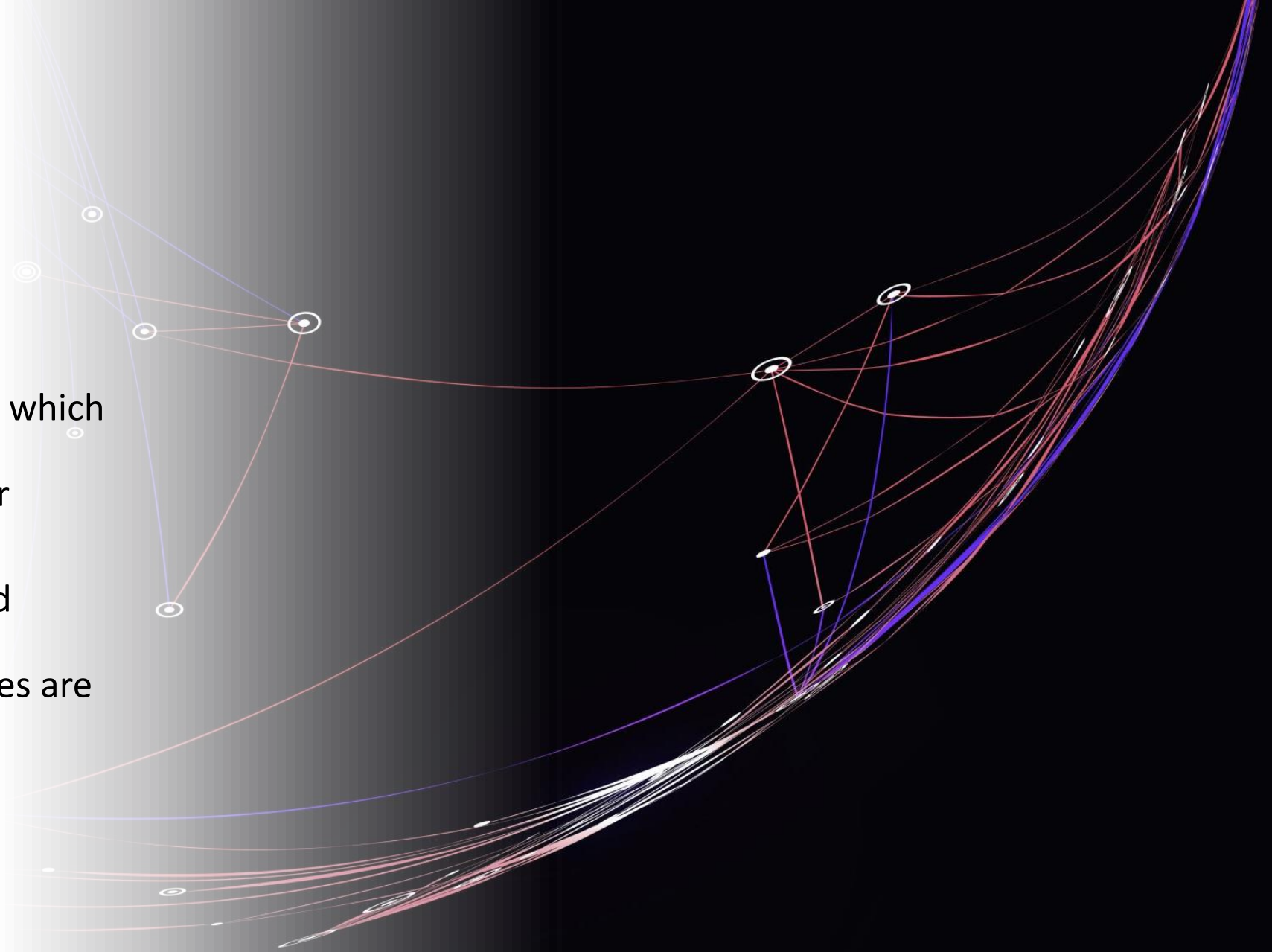
# Characteristics of entrepreneurs:



- The ability to discover new opportunities and set new goals.
- Ensuring the financial stability necessary for entrepreneurship.
- Willingness to take risks.
- Self-confidence, perseverance, the ability to learn, and adapt.

# Enterprise

- This concerns a subject in which resources (inputs) are transformed into goods or services (outputs).
- A systematically organised economic entity in which tangible goods and services are produced and sold.





# Barriers of entrepreneurship

An abstract background graphic consisting of a network of glowing lines and nodes. The lines are primarily red and blue, with some white highlights. The nodes are small circles, some of which are white with a black center. The overall effect is a sense of dynamic movement and interconnectedness, set against a dark gradient background that transitions from black on the right to a lighter grey on the left.

- Factors that cause a person not to want, not to be able to, or not to be capable of entrepreneurship.
- They are divided into internal and external factors.



# Internal Barriers

- A person does not want to undertake entrepreneurship:
  - Lacks motivation for entrepreneurship (has a good job).
  - Has concerns about the risks of entrepreneurship (lacks self-confidence).
  - Personal traits (lacks goal-oriented, perseverance, prefers certainty, dislikes leading people, handling conflicts, etc.).
- A person cannot undertake entrepreneurship:
  - Lacks the necessary resources - both initial and entrepreneurial capital.
  - Lacks suitable premises.
  - Lacks support from the relevant environment - trust from family, potential partners, banks, etc.
- A person is unable to undertake entrepreneurship:
  - Lacks a business idea.
  - Insufficient identification, evaluation, and utilization of opportunities.
  - Lack of knowledge of fundamental business requirements.
  - Inadequate prerequisites for performing the role of an entrepreneur (self-discipline, managerial abilities, interpersonal skills).

# External Barriers

Many factors can be classified as being determined by various external conditions that are independent of the entrepreneur:

- Legal environment
  - Trade Licensing Act, Commercial Code, business and labor relations, environmental requirements, occupational health and safety
- Economic environment
  - Accounting, tax, customs...
- Business infrastructure
  - Banking, insurance, communication... services
- Public opinion
  - General atmosphere and views on entrepreneurship and entrepreneurs

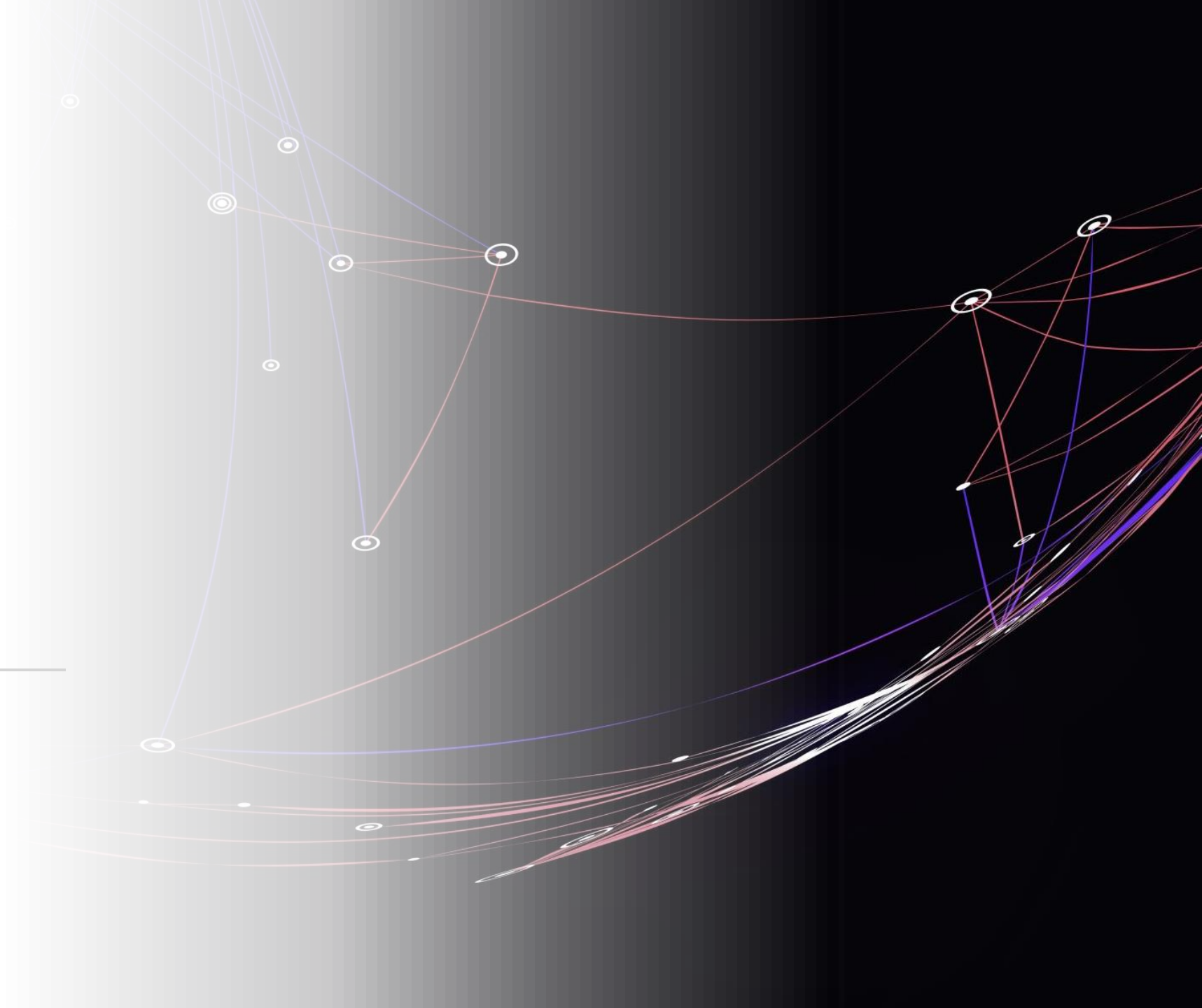
# Classification of companies according to the regulations of the European Commission.

- Microenterprise (small business) - up to 10 employees, annual turnover up to 2 million EUR, or balance sheet total up to 2 million EUR.
- Small enterprise - up to 50 employees, annual turnover up to 10 million EUR, or balance sheet total up to 10 million EUR.
- Medium-sized enterprise - up to 250 employees, annual turnover up to 50 million EUR, or balance sheet total up to 43 million EUR.



# The Role of Small and Medium Enterprises

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# The Role of Small and Medium Enterprises

- The share of small and medium-sized enterprises in the total number of active business entities in 2018 was 99.83% in the Czech Republic (Ministry of Industry and Trade)
- Microenterprises and small and medium-sized enterprises represent 99% of companies in the EU ([europarl.europa.eu](http://europarl.europa.eu))
- They provide two-thirds of the jobs in the private sector and contribute to over half of the total value added by businesses in the EU ([europarl.europa.eu](http://europarl.europa.eu))



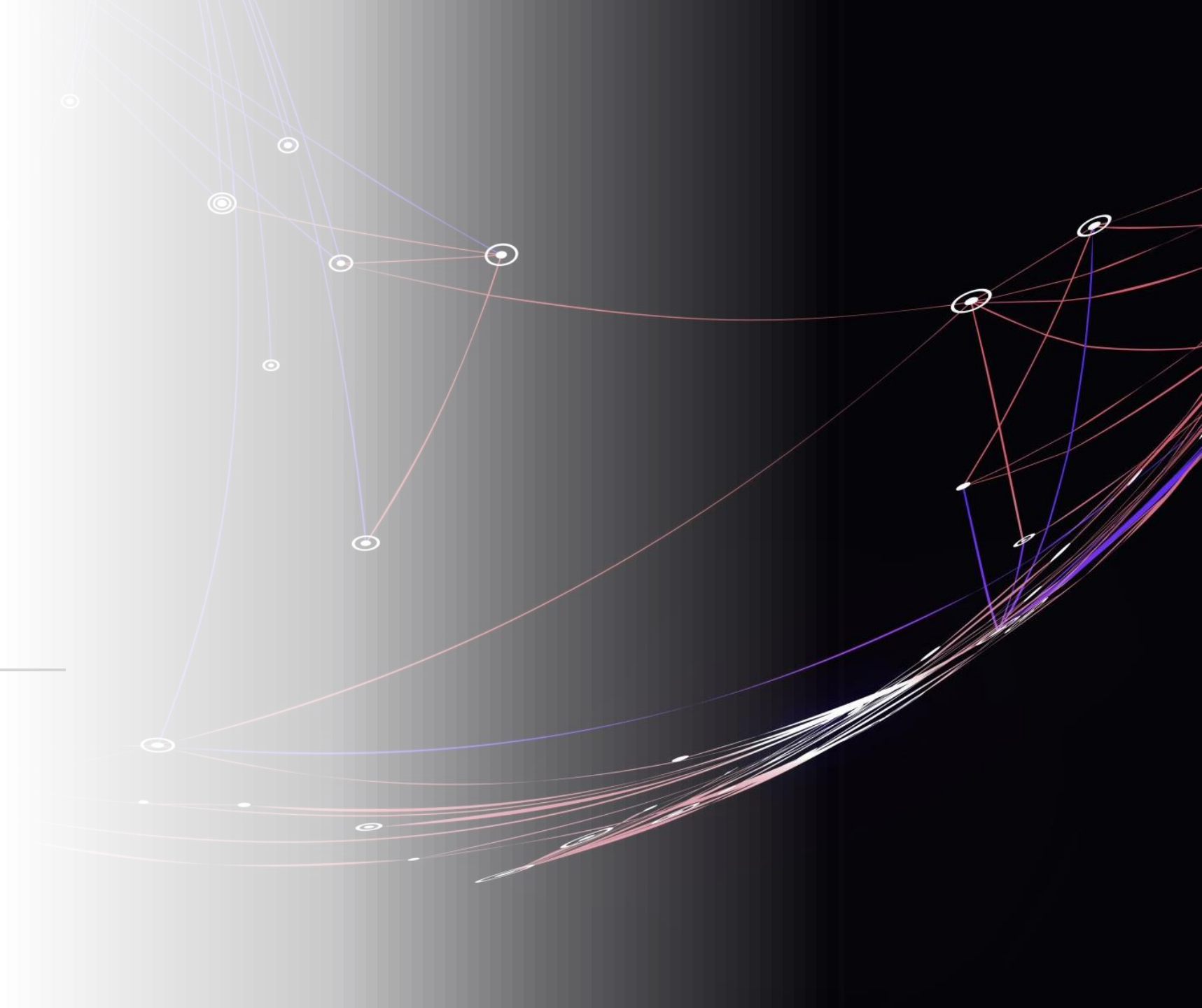
# Economic Benefits of Small and Medium-sized Enterprises


- **Counterpart to Monopolies**
  - With deepening globalisation trends, multinational holdings, corporations, and chains are on the rise, and these entities act as a counterforce against the market share strengthening of monopolistic organisations.
- **Flexibility**
  - Swift adaptation to changing circumstances.



# Business and Its Risks

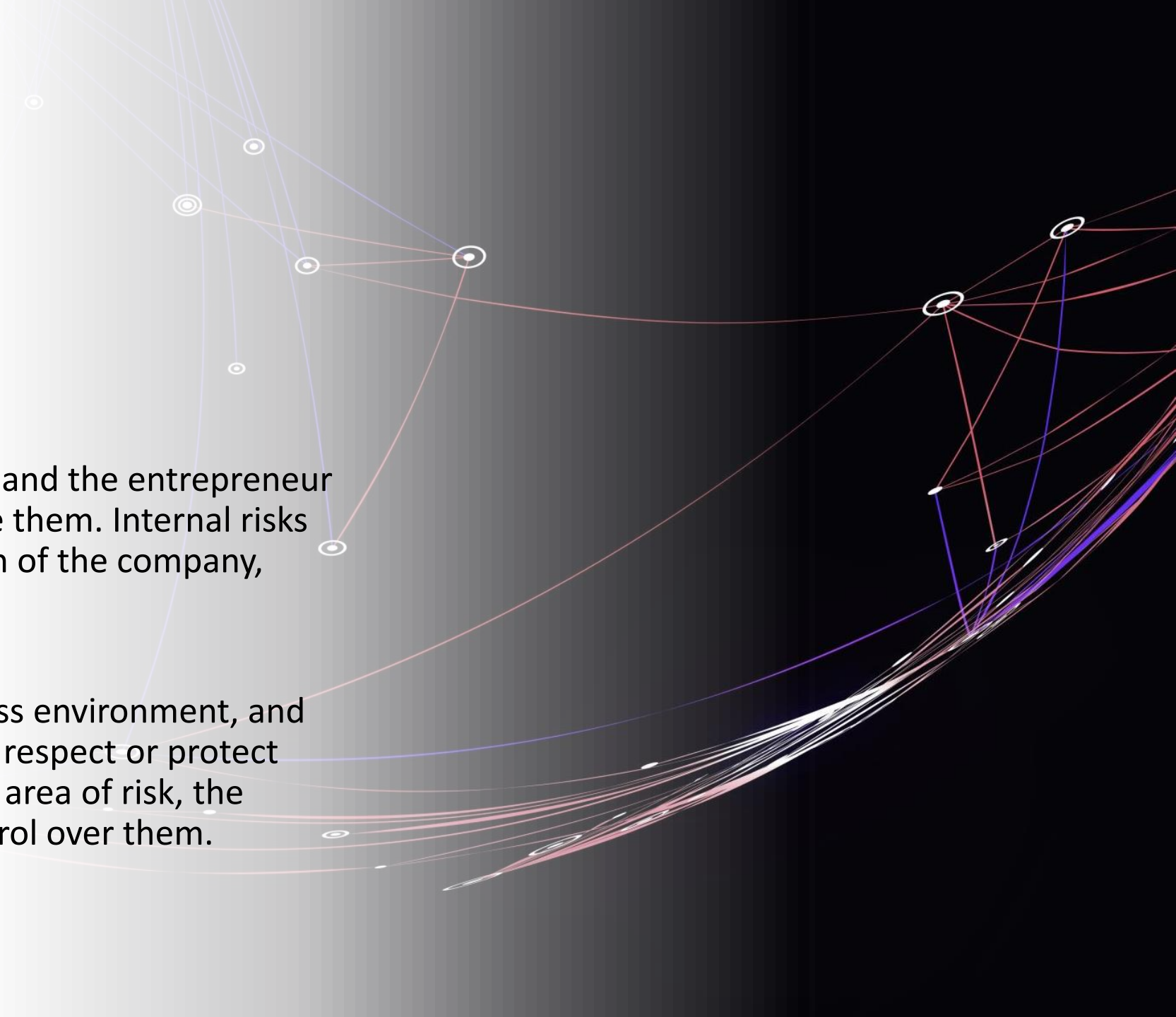
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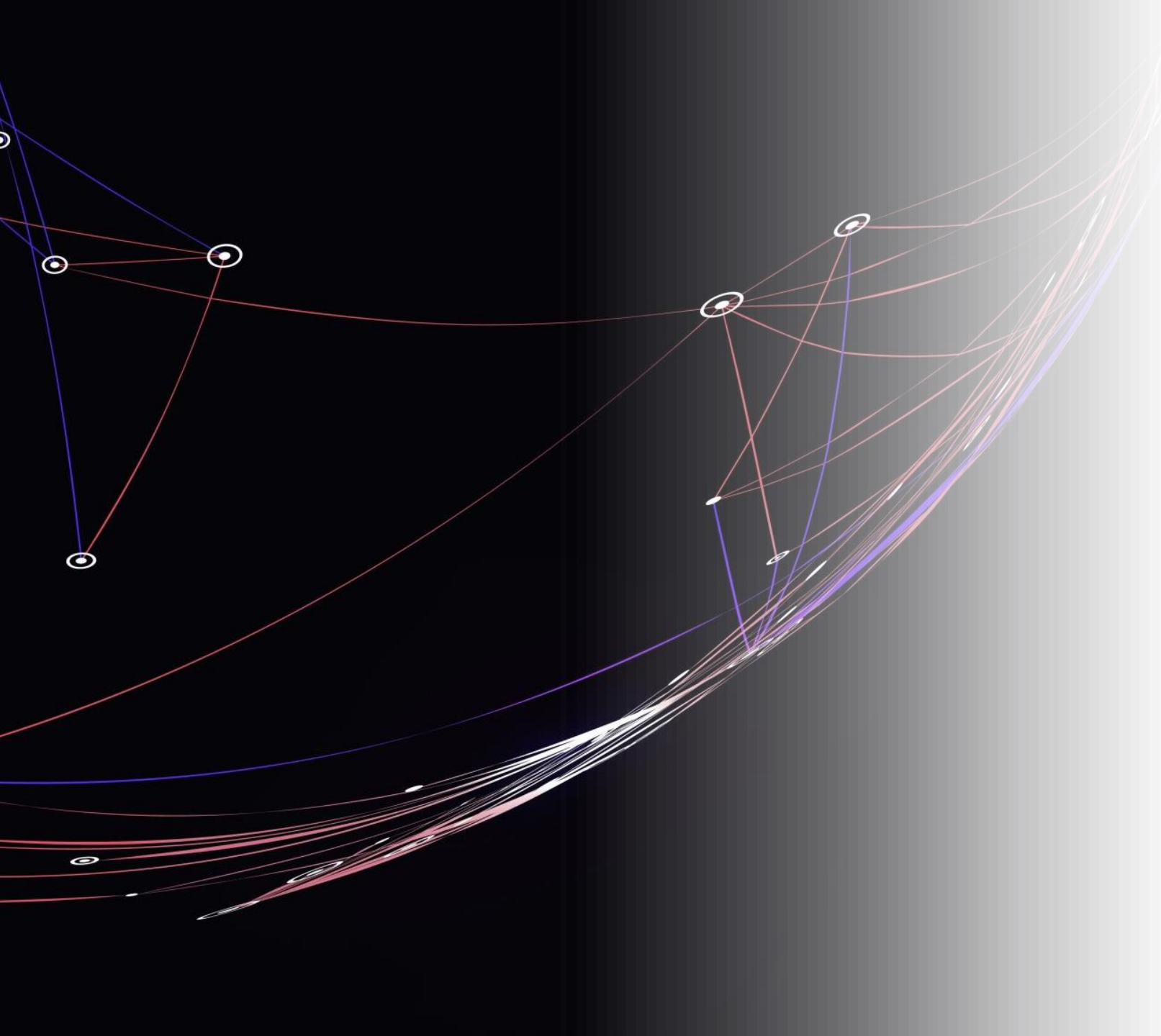




Risks can be characterized  
as internal and external:

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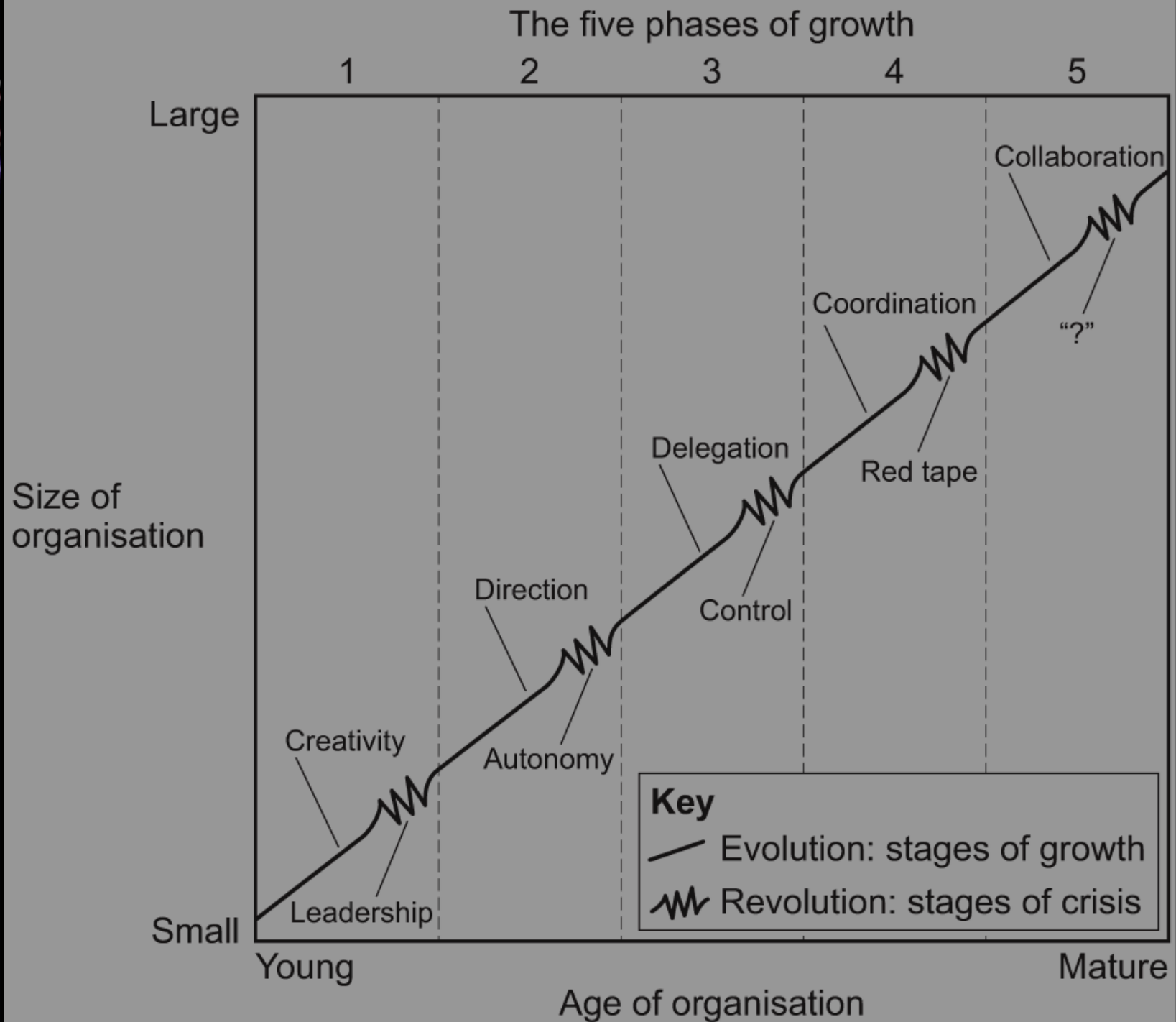
- Internal Risks
    - Manifest within the company, and the entrepreneur is more or less able to manage them. Internal risks may include (financial strength of the company, personnel management, etc.).
  - External Risks
    - Relate to factors in the business environment, and entrepreneurs usually have to respect or protect themselves from them. In this area of risk, the entrepreneur has limited control over them.
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# Models of the business lifecycle

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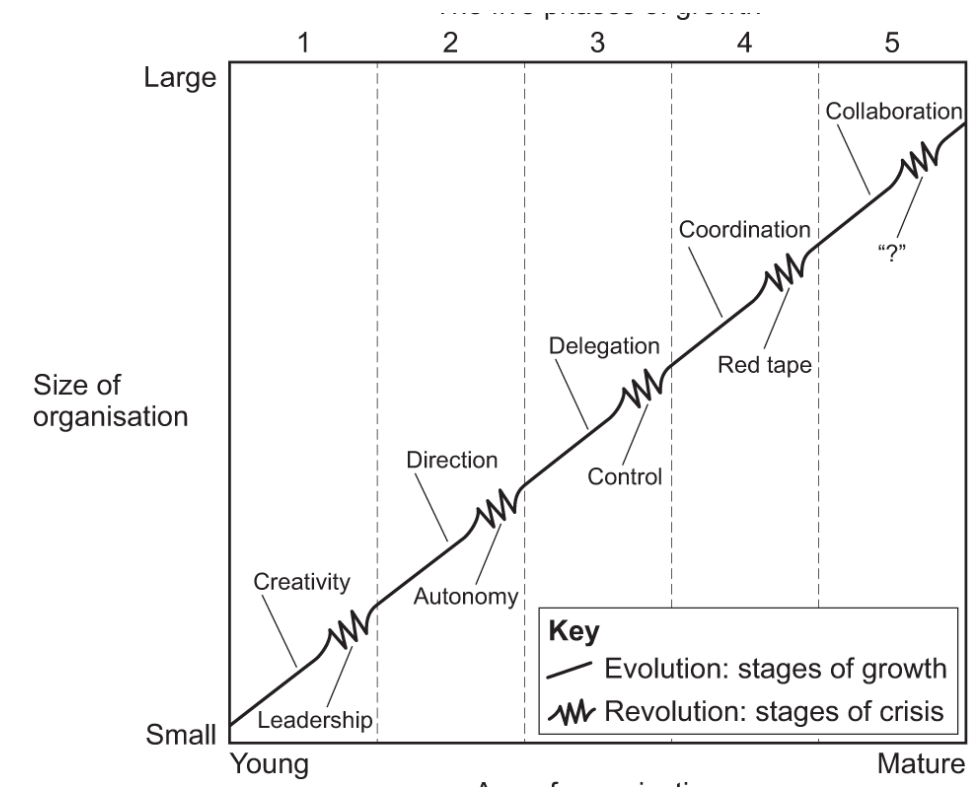
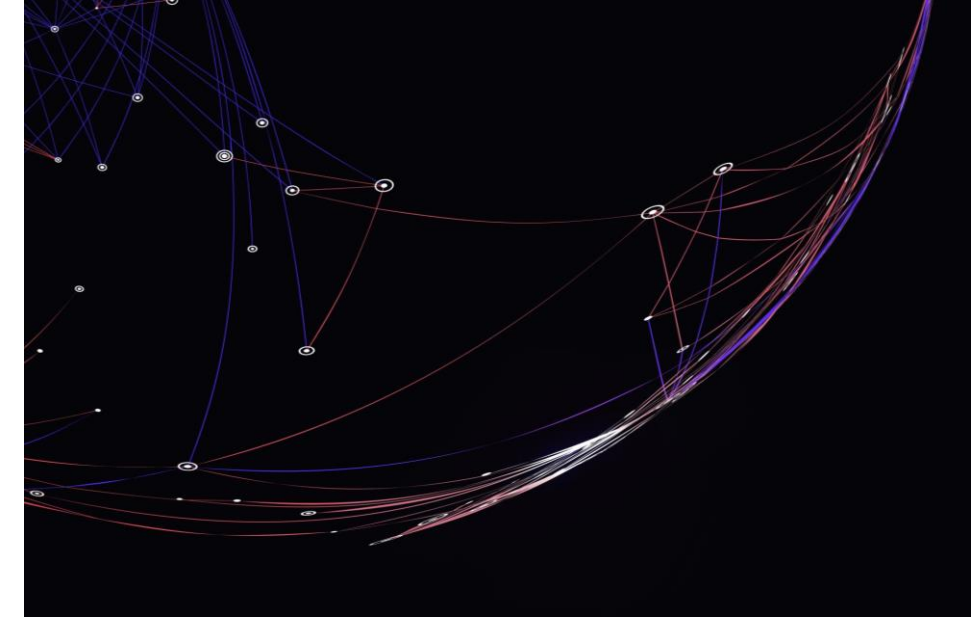
# Greiner's growth model





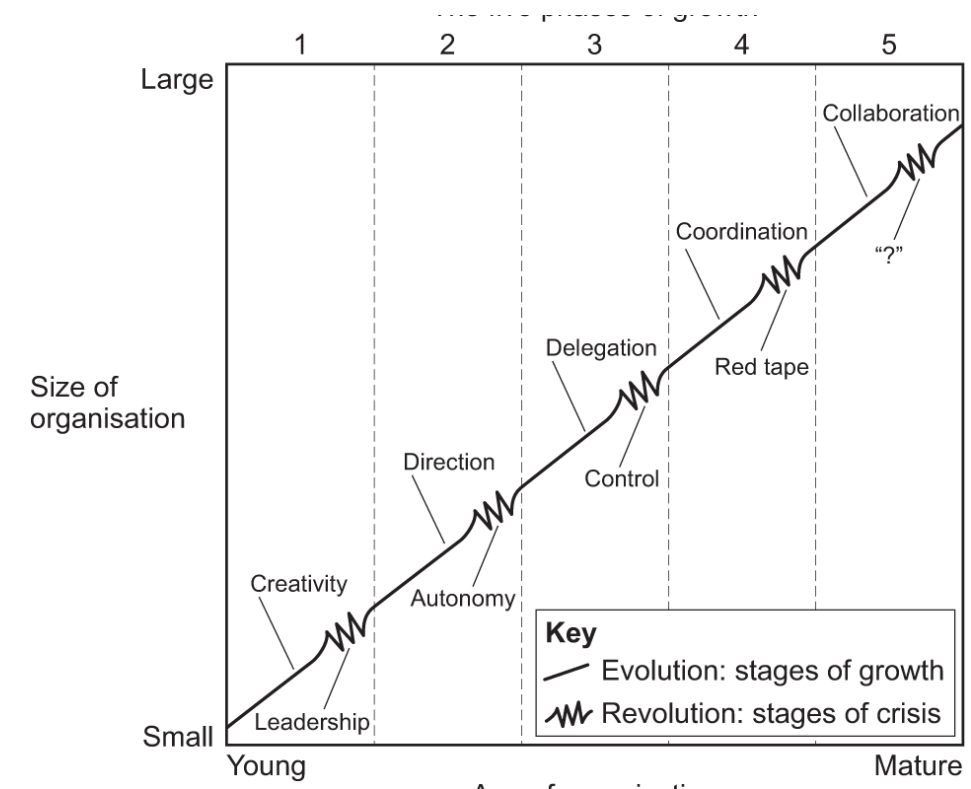
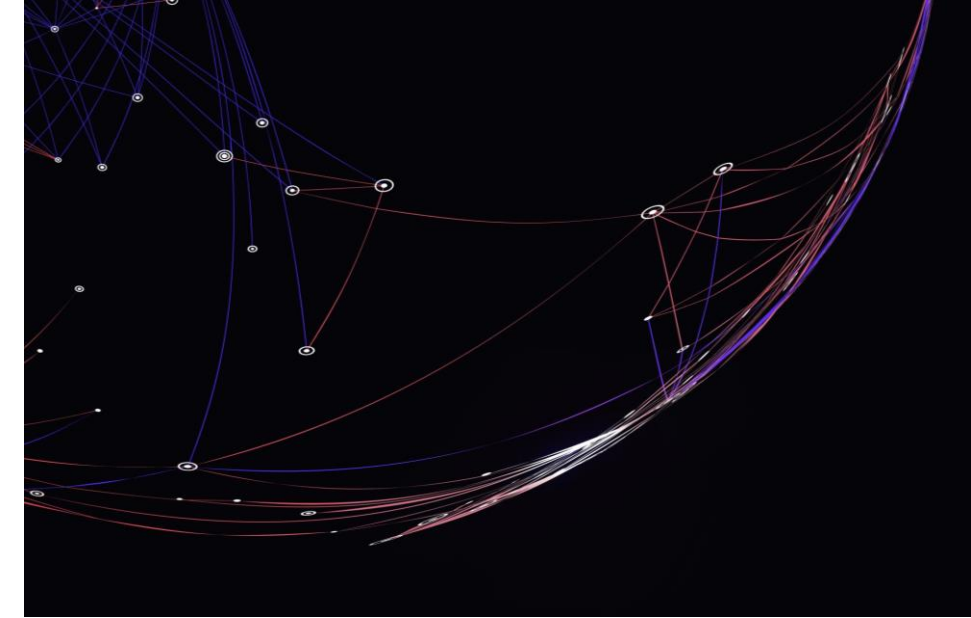
# The Creativity Stage

- The company is young, and growth is fueled by the founder's creativity.
- It employs few employees who know each other well and share their experiences, knowledge, and information.
- Communication among them is constant and relatively informal. However, as the company grows, it becomes more challenging to coordinate mutual cooperation.
- A common problem is that specific tasks are not delegated to the right employees. Leadership crises arise.
- Finding managers with the necessary expertise is crucial, and this is the first critical choice.



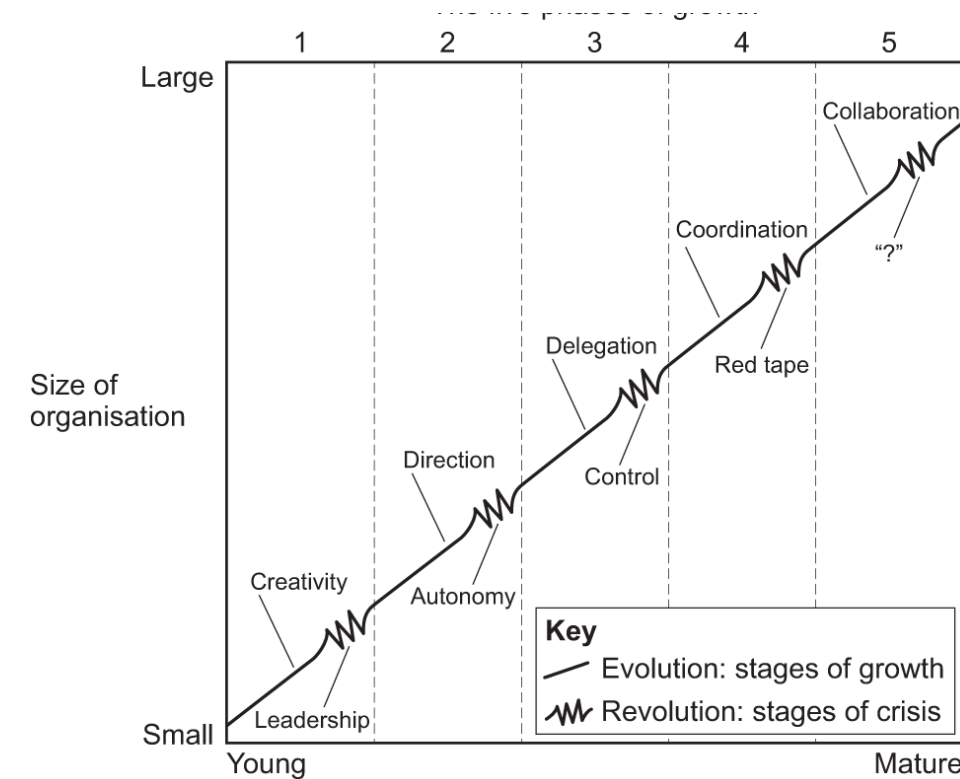
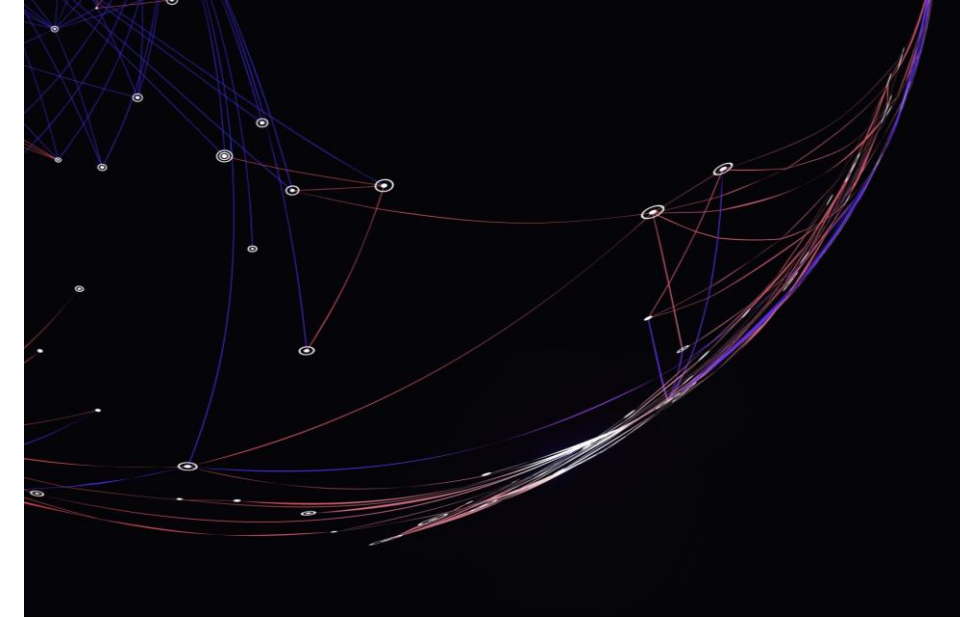
# The Management Stage

- Companies that survive the first stage and acquire capable managers typically enter a successful growth period.
- The company has a highly centralized organizational structure, additional specialized functions are created, and communication becomes more formal.
- During this continuous growth, the owner faces increased workload and experiences a crisis of autonomy.
- The solution is delegation of authority.



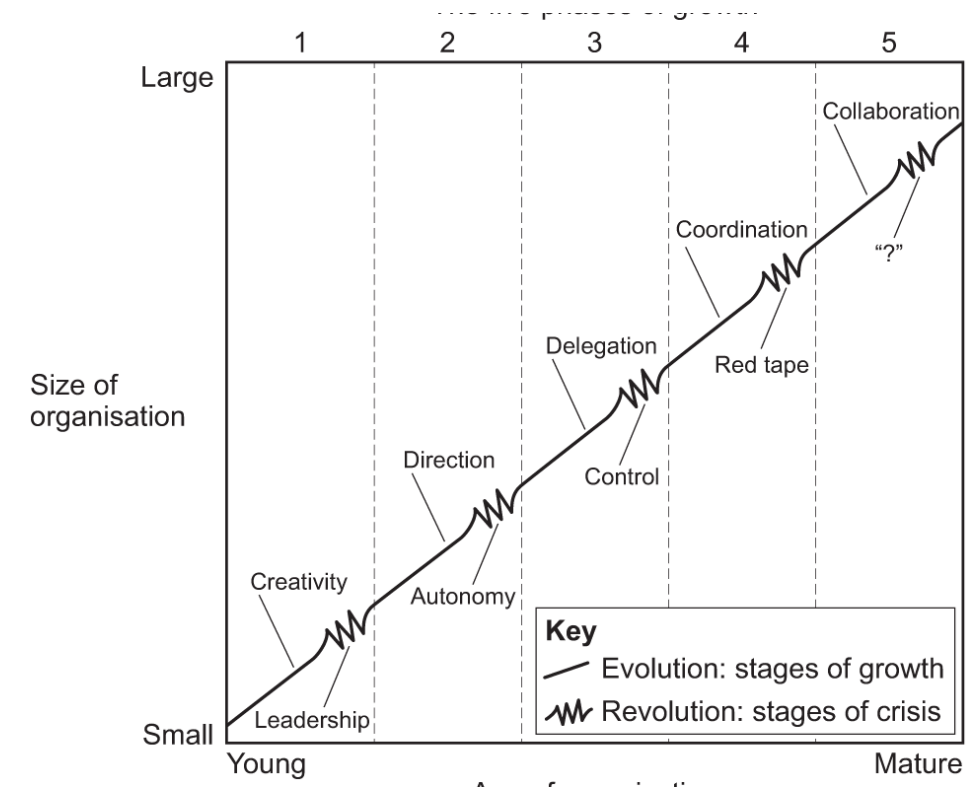
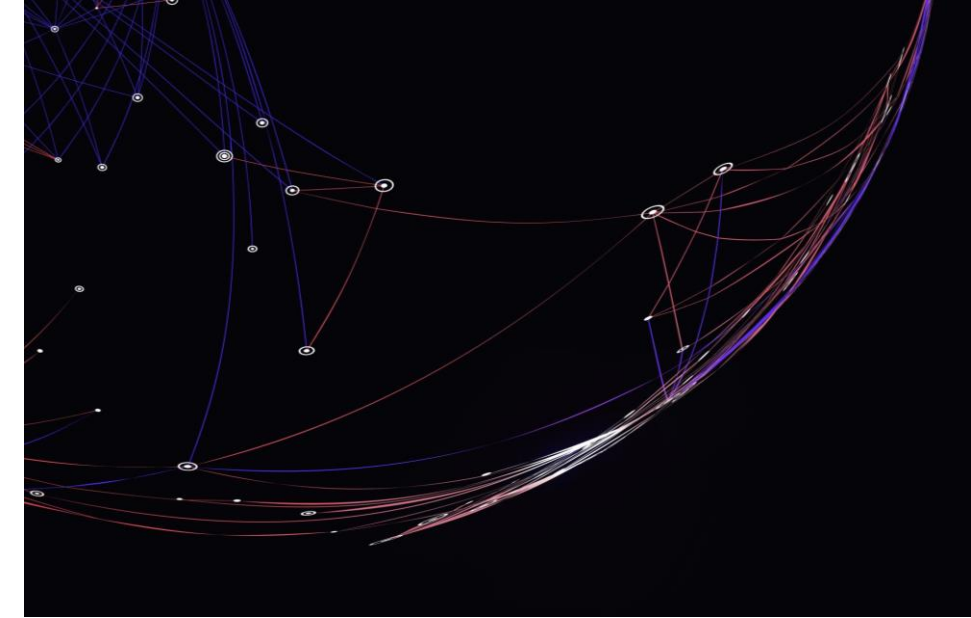
# The Delegation Stage

- This period evolves from the successful implementation of a decentralized organizational structure.
- Responsibility is delegated to individual departments.
- Employee motivation becomes a significant focus.
- Communication from top management to subordinates becomes less frequent and more formal.
- This stage allows the company to expand. The autonomy given to autonomous units leads them to pursue their own goals rather than the company's goals.
- A control crisis arises.



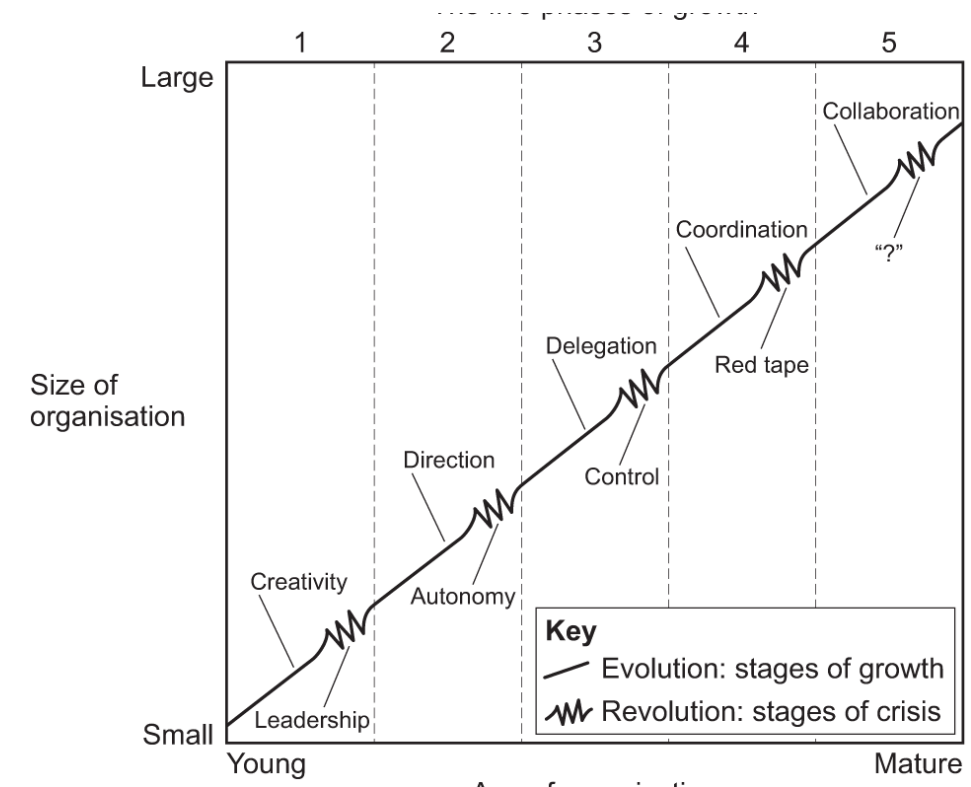
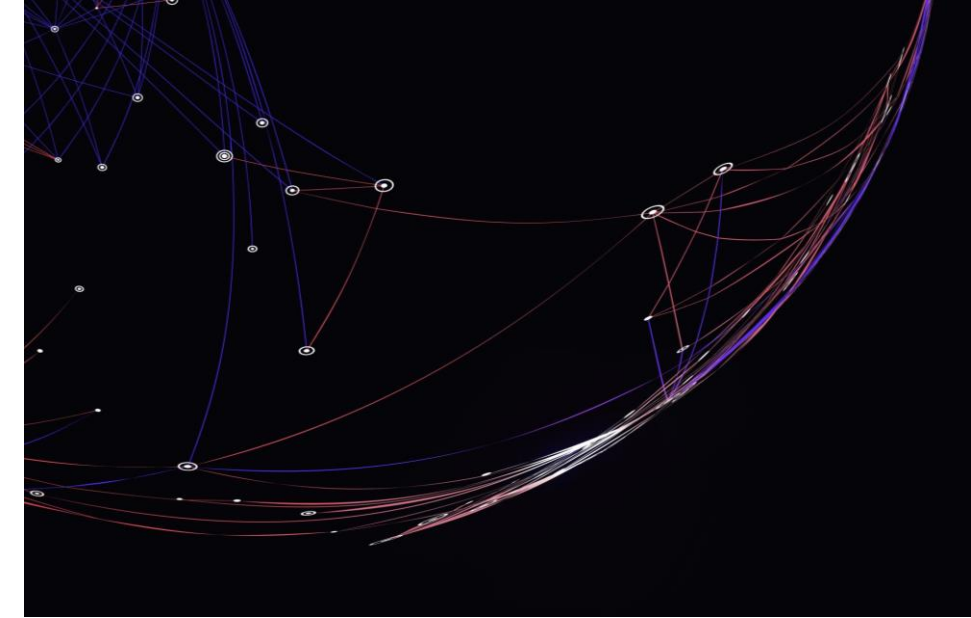
# The Coordination Stage

- This stage is characterised by the use of formal systems to achieve greater coordination and the assumption of responsibility by top managers for implementing and managing these new systems.
- Bureaucracy crisis occurs between employees, middle management, and top management.



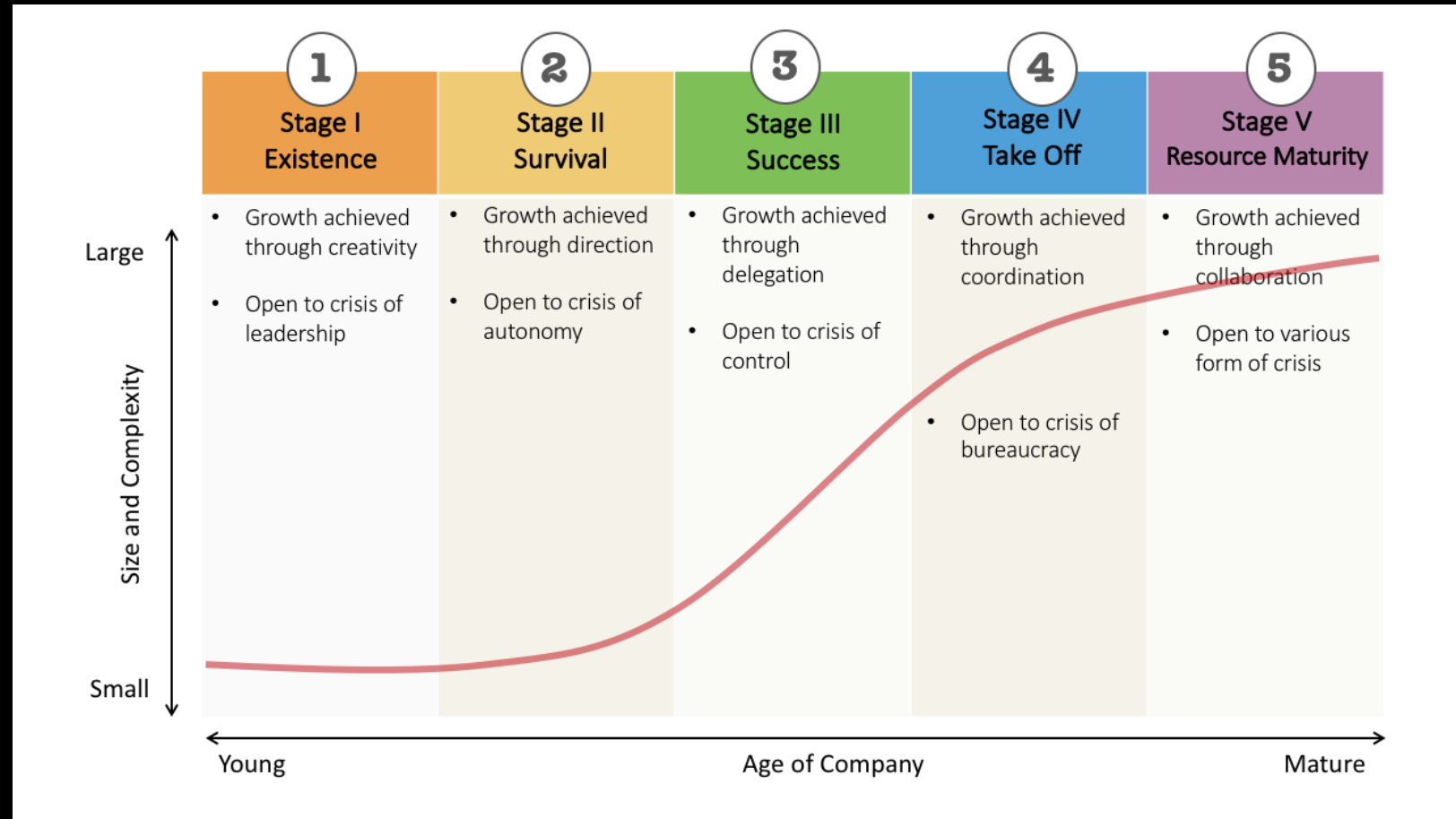
# The Collaboration Stage

- The need for strong collaboration to overcome the bureaucracy crisis.
- The company must focus on quick problem-solving through teamwork.
- The organisational structure is often matrix-based.
- Educational programs focus on improving teamwork and conflict resolution.
- The key managers collaborate to address critical issues.
- According to Greiner, there is a crisis in the area of employee psychological satisfaction, which is affected by intensive teamwork and constant pressure for innovation and new solutions.



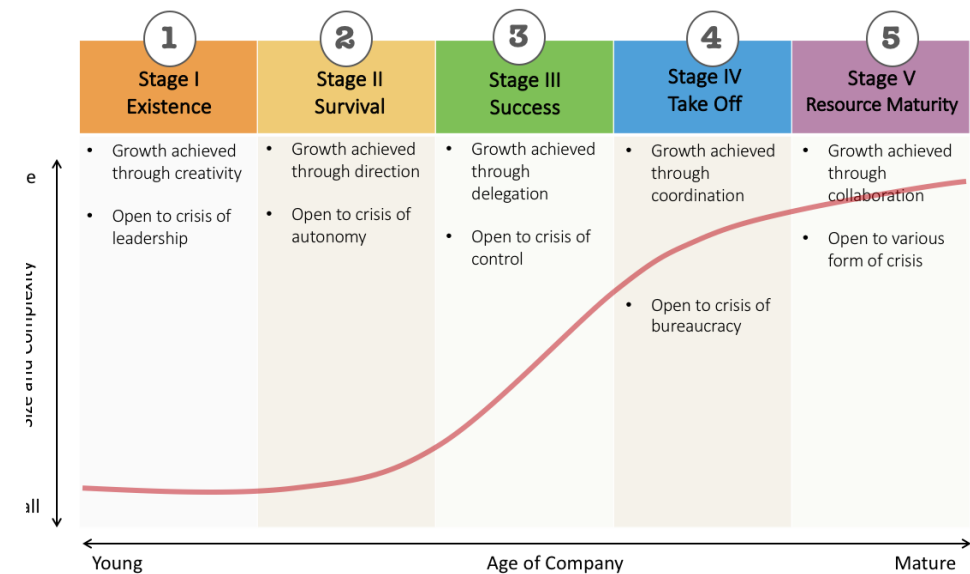
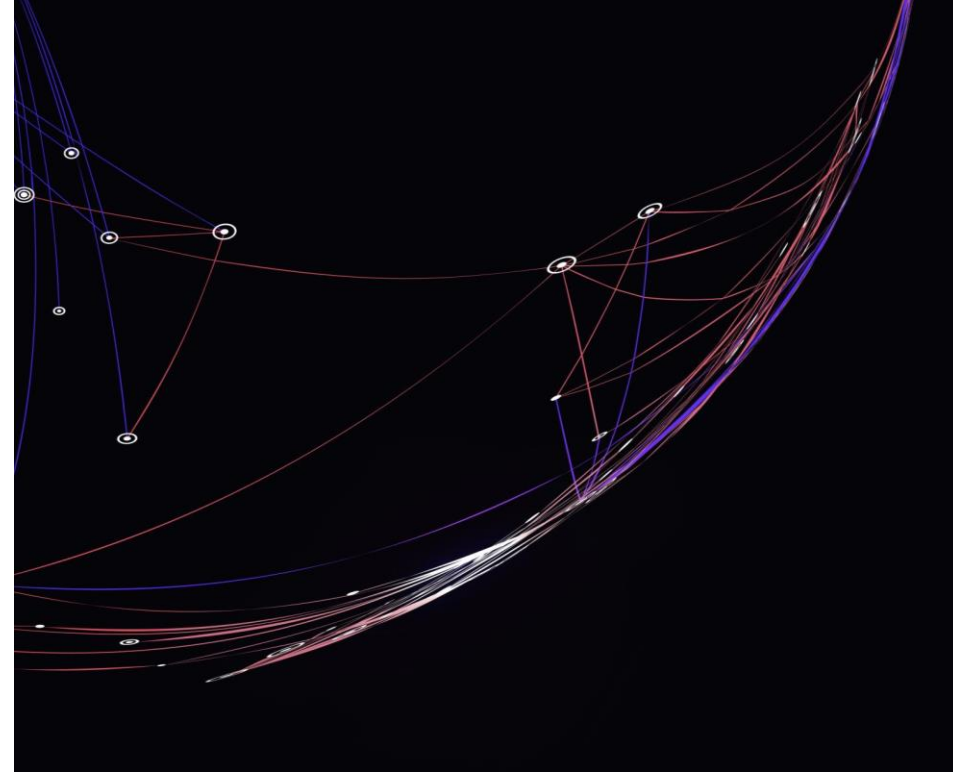


# Churchill's and Lewis's growth model



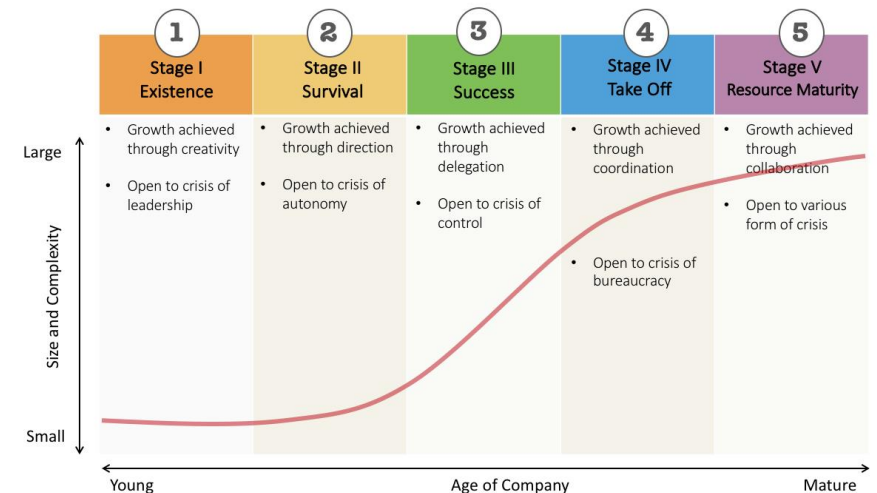
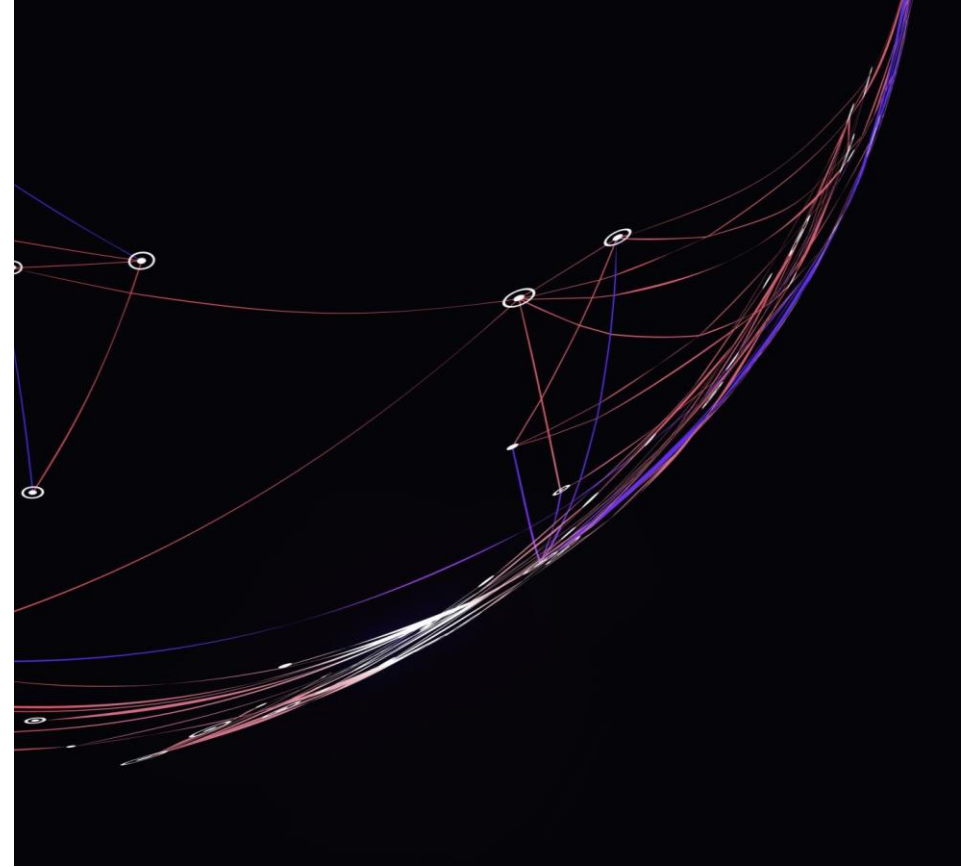
# The Existence Stage

- Key to this stage is gaining a sufficient number of customers, delivering the product, and securing significant financial resources necessary in this startup phase.
- The organisational structure is simple, the owner takes on multiple roles and oversees all processes within the company.
- Formal systems either do not exist or are minimal.



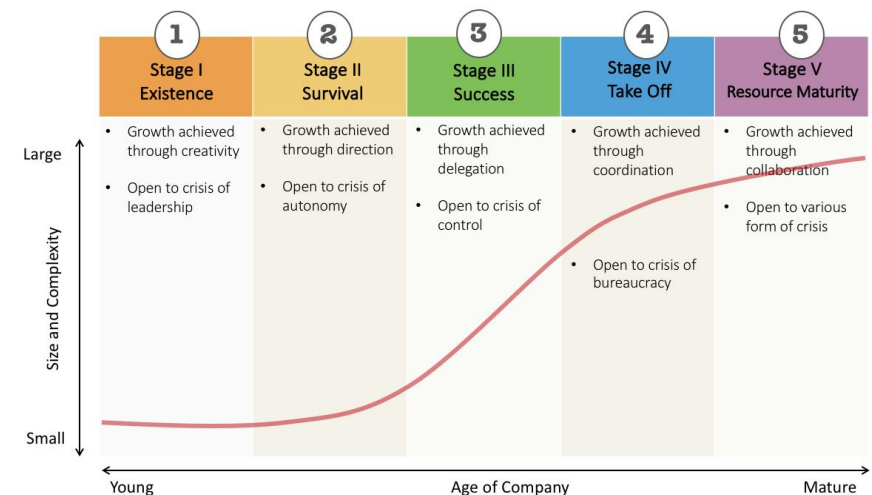
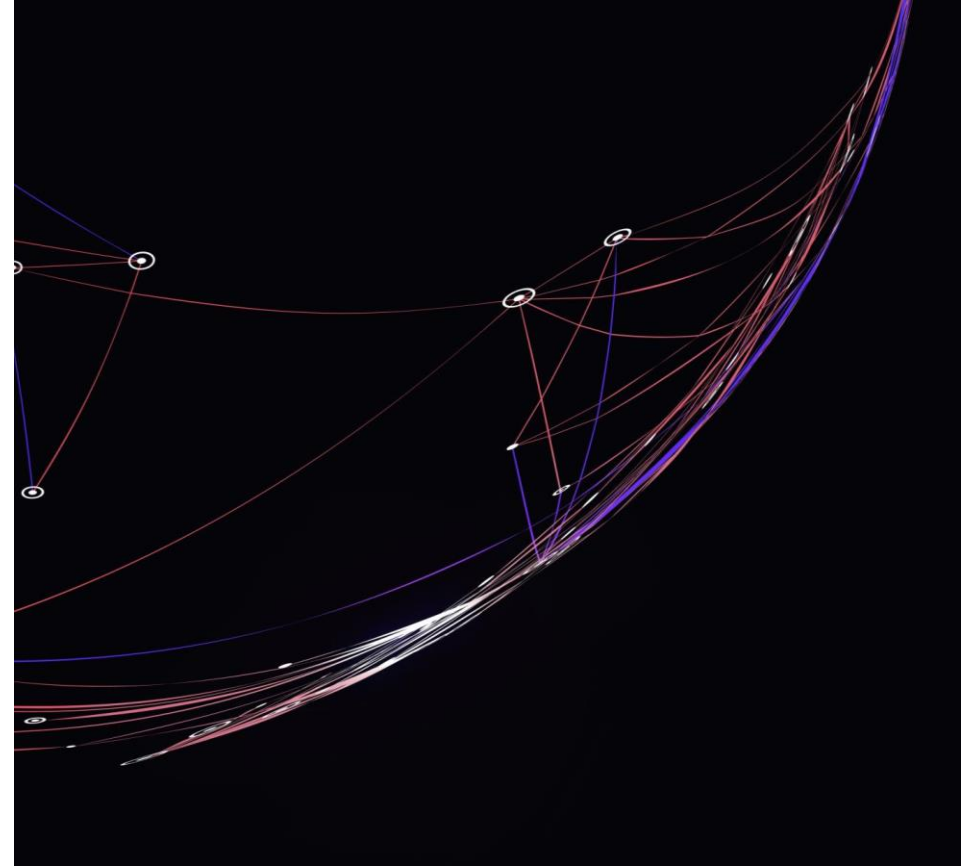
# The Survival Stage

- The company is operational and has enough customers satisfied with its product.
- The main challenge may be generating sufficient finances to cover operational expenses and whether it can sustainably grow in the long term.
- There is still a simple organisational structure, a limited number of employees, and a few managers who do not make independent decisions.
- All processes are carried out in conjunction with the owner and managers.



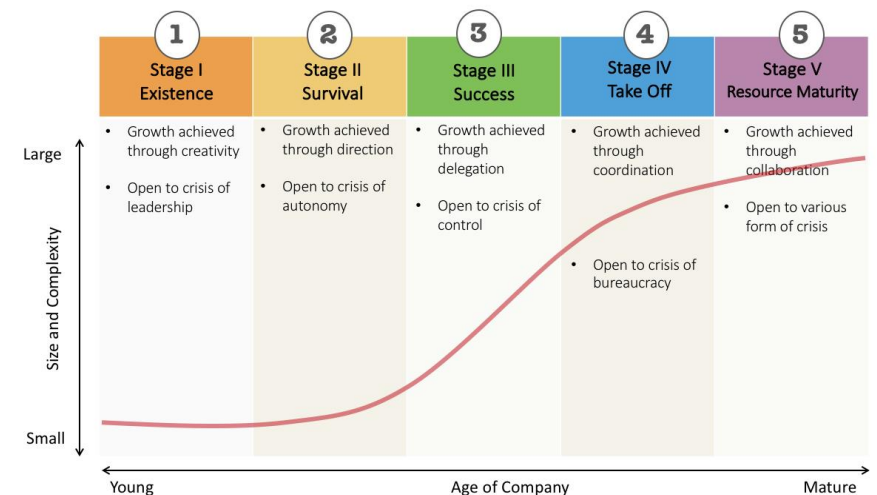
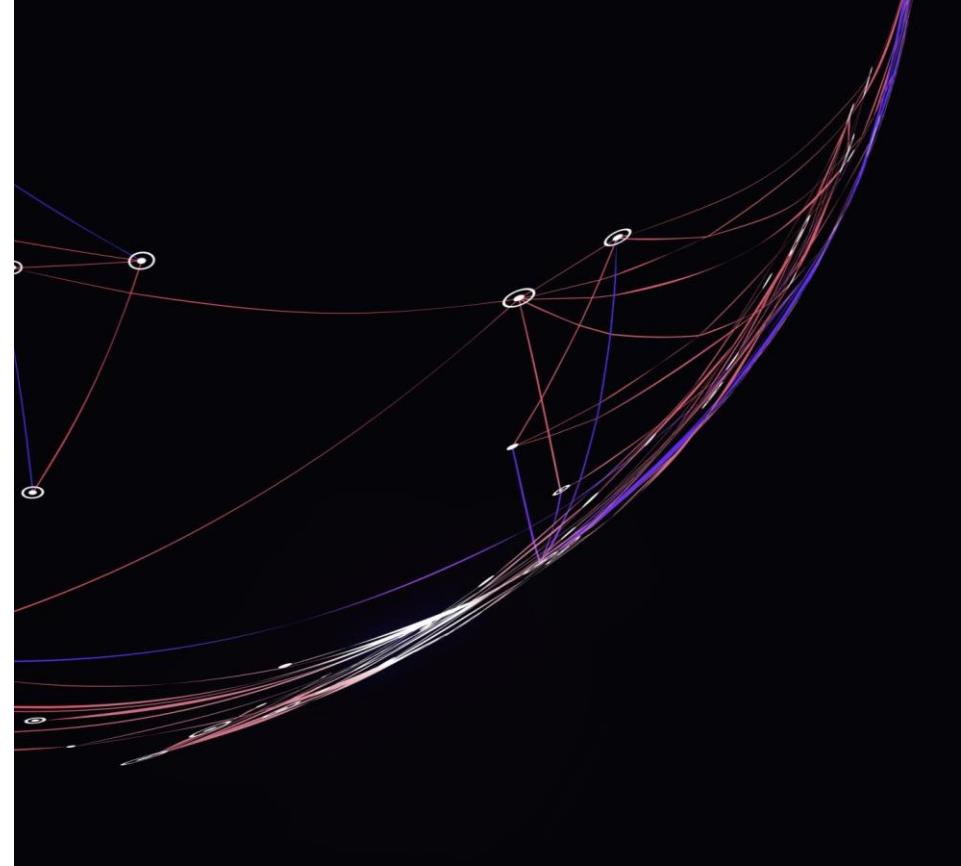
# The Success Stage

- This stage is specific in that the owner decides whether to leverage the company's success and expand or keep the company stable and profitable, securing a foundation for other activities.



# The Take-off Stage

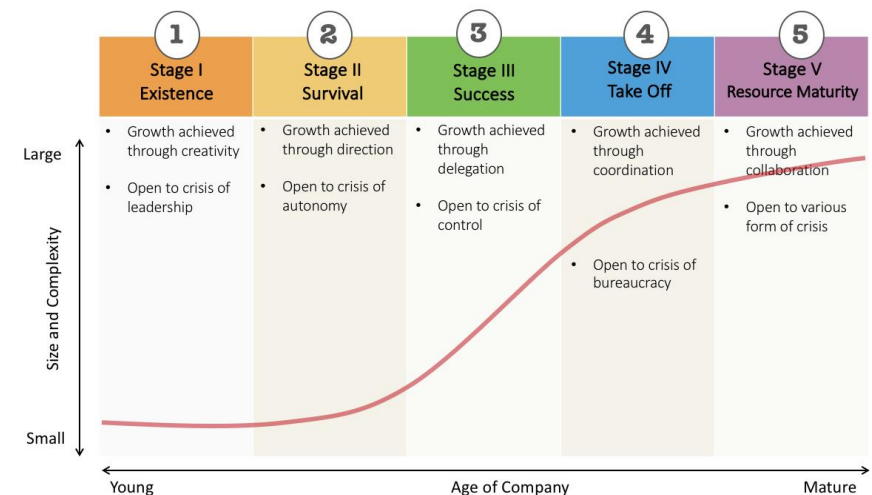
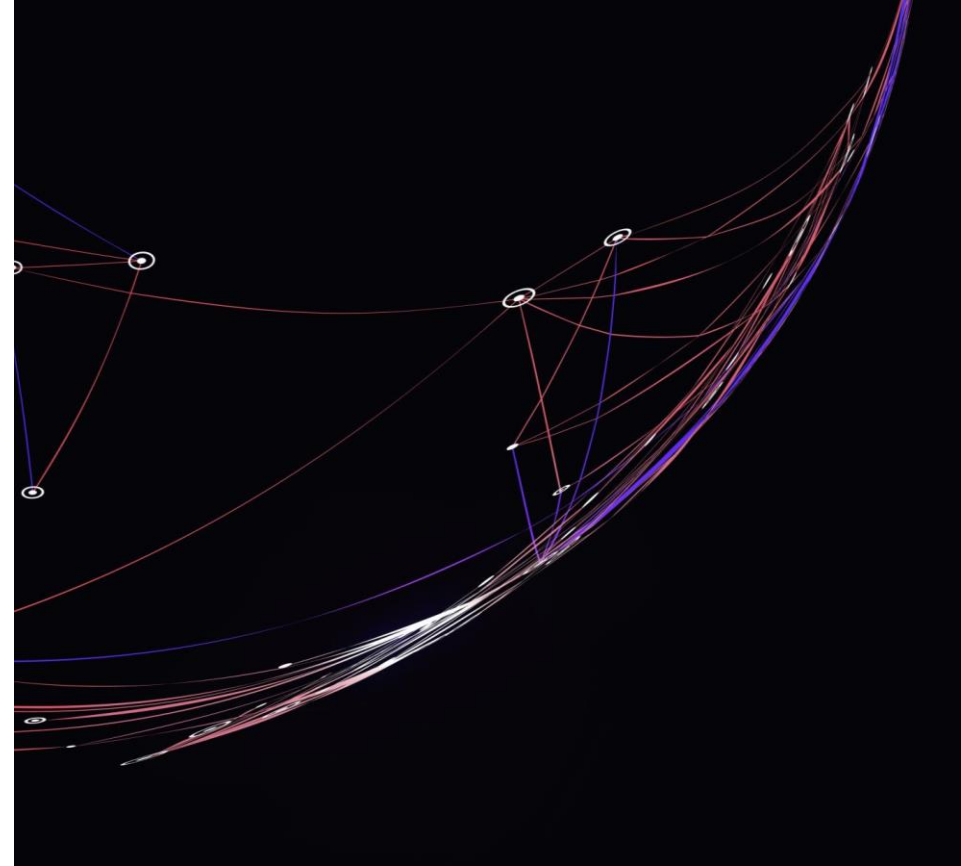
- Key challenges include delegating authority and securing sufficient finances.
- An important question is how fast the company should grow.
- The organisational structure is decentralised and at least partly becomes a divisional organisational structure.
- The owner's influence in the company diminishes, although they remain a guiding figure and typically the majority owner.
- If the owner takes the right approach to the company's growth, they have the opportunity to build a large company; otherwise, they may choose to sell the company.





# The Maturity of Resources Stage

- The company's main focus in this stage is consolidating and controlling the financial gains brought by rapid growth.
- Simultaneously, it is necessary to eliminate inefficient elements introduced by rapid growth and adapt flexibly to changes in the environment.
- In this stage, the company has resources for operational and strategic planning.





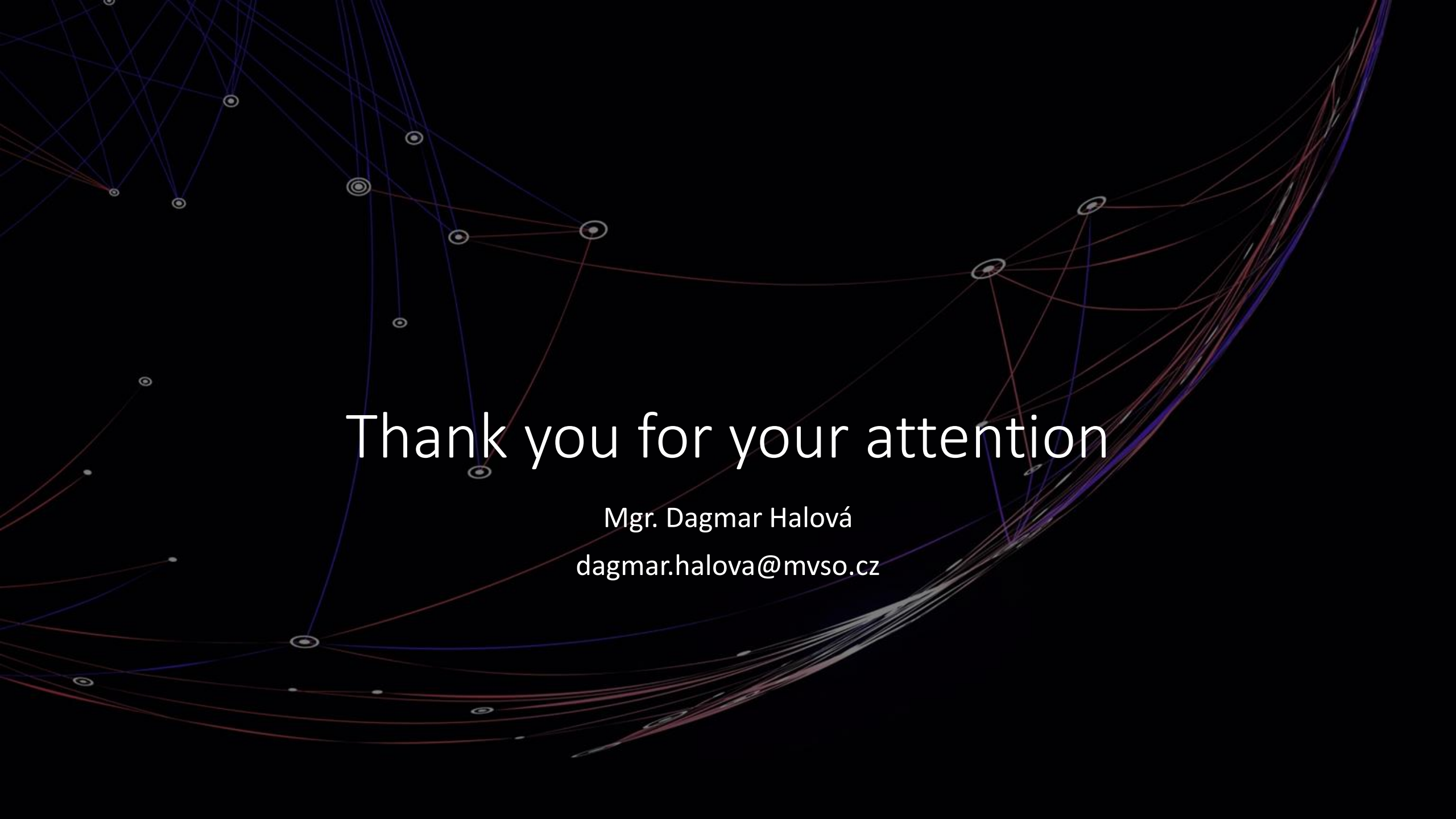
# Summary

- What have you learned today?

CHLOPECKÝ, Jakub, 2018. Malé a střední podnikání: Studijní opora pro kombinované studium. 1. Moravská vysoká škola Olomouc.

# Homework

- Think about establishing your own business:
  - What would you do?
  - What would be the purpose?
  - What would be the novelty?
  - What would be your added value?
  - What risks would you have to undertake?
  - Would you have to face any internal or external barriers? How would you deal with them?
- Upload it into Information System
- Deadline: two working days before next lesson



Thank you for your attention

Mgr. Dagmar Halová  
[dagmar.halova@mvso.cz](mailto:dagmar.halova@mvso.cz)