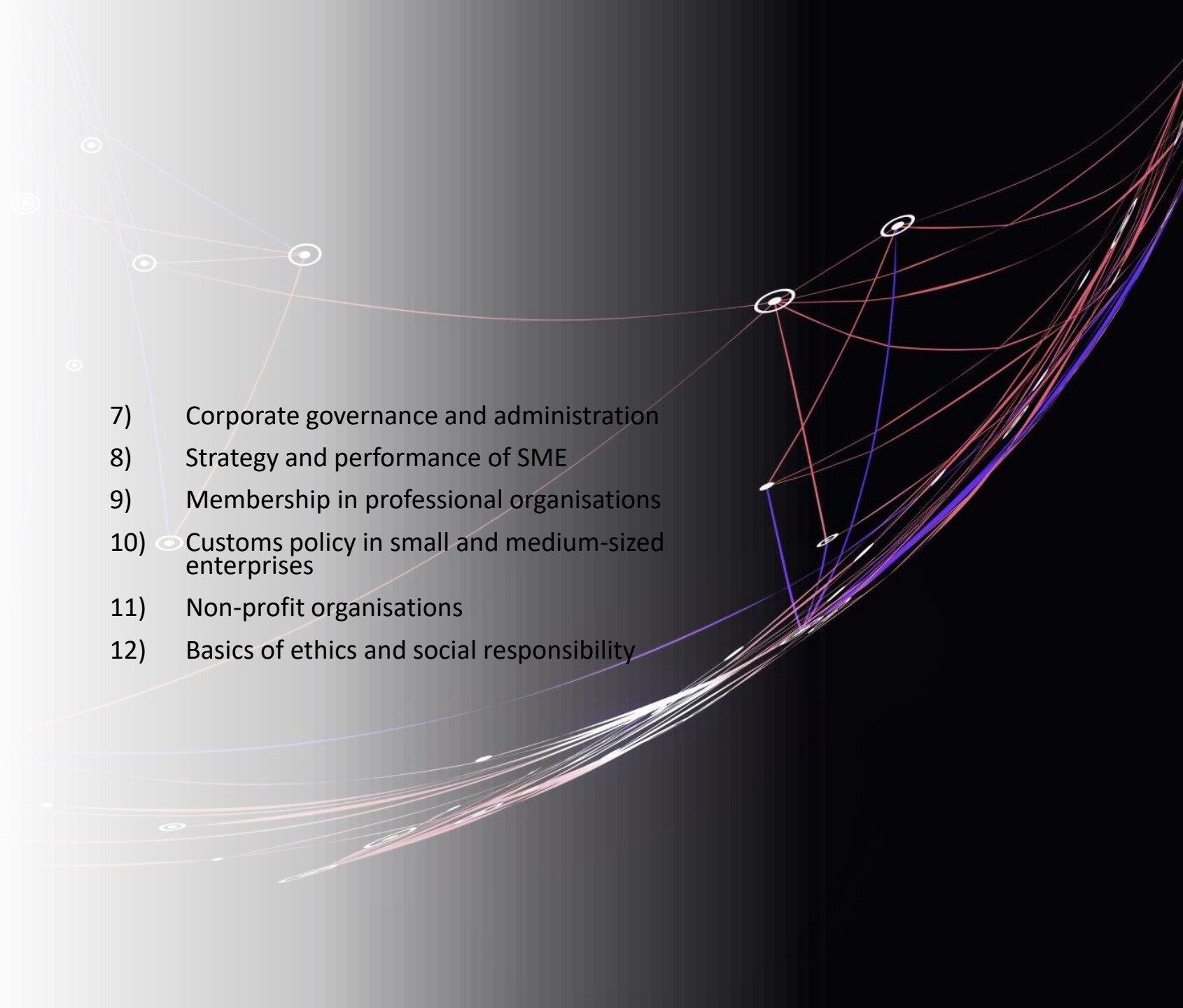




About the course

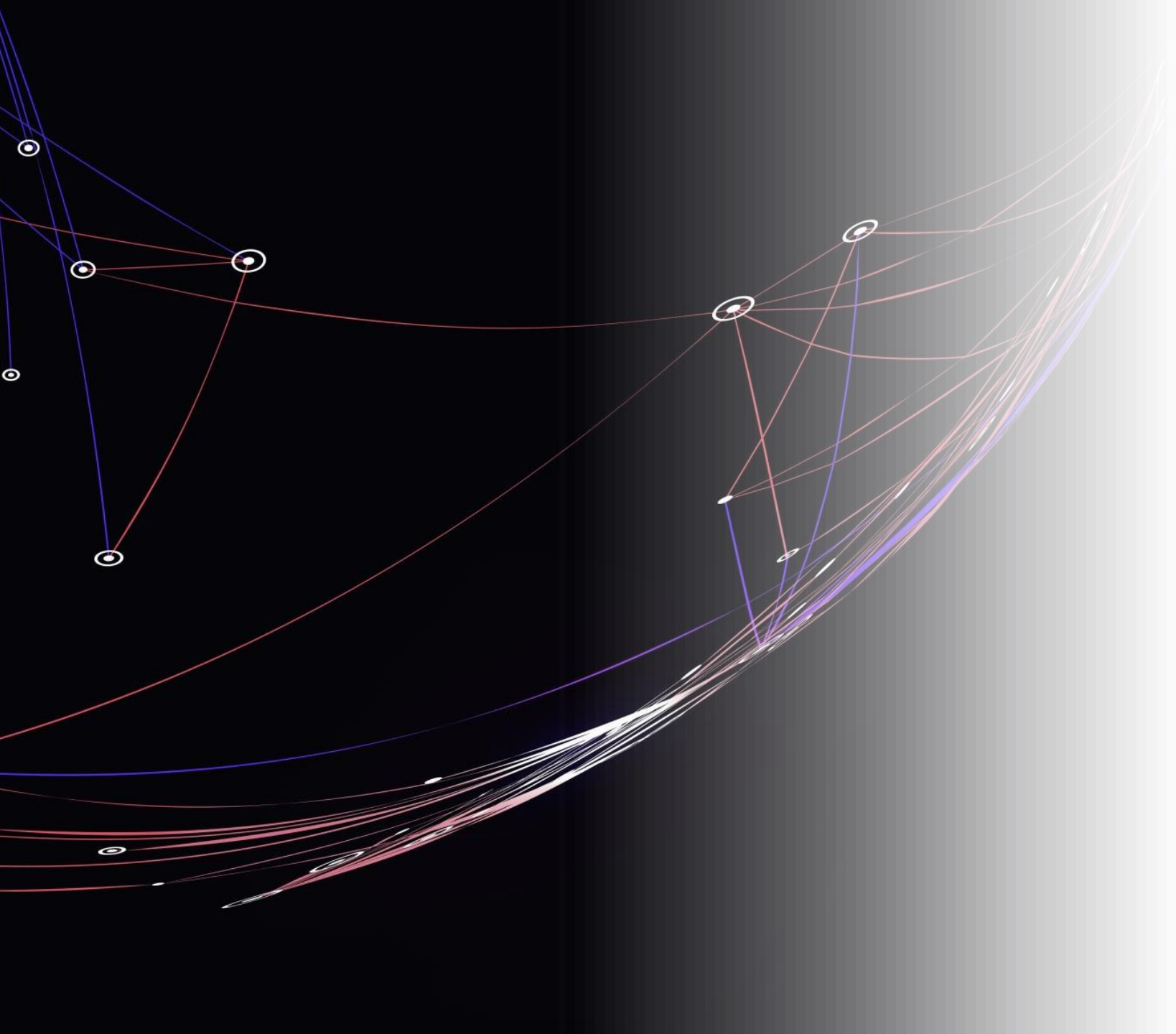
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- 1) Introduction
 - 2) Entrepreneurial environment
 - 3) Starting a business
 - 4) Basics of management for entrepreneurs
 - 5) Basics of HR for Entrepreneurs
 - 6) Networking
 - 7) Corporate governance and administration
 - 8) Strategy and performance 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



Successful completion of the course

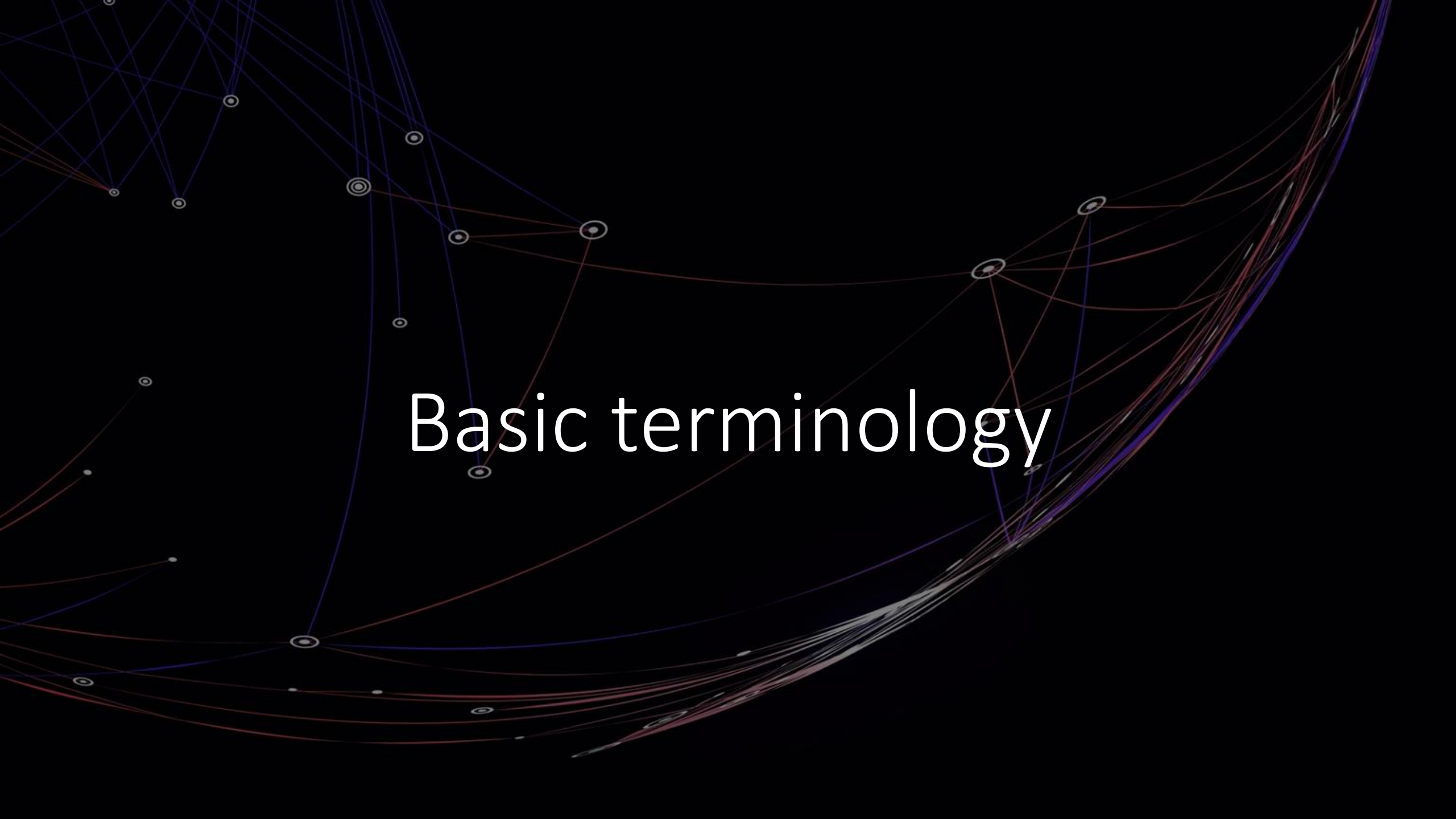
- 1) Active participation in classes
(In tutorials, only two absences
are allowed, lectures are
optional)
- 2) Project – Homework for every
tutorial
- 3) Test
- 4) Oral examination





Introduction

Introduction to Small and Medium
Enterprises



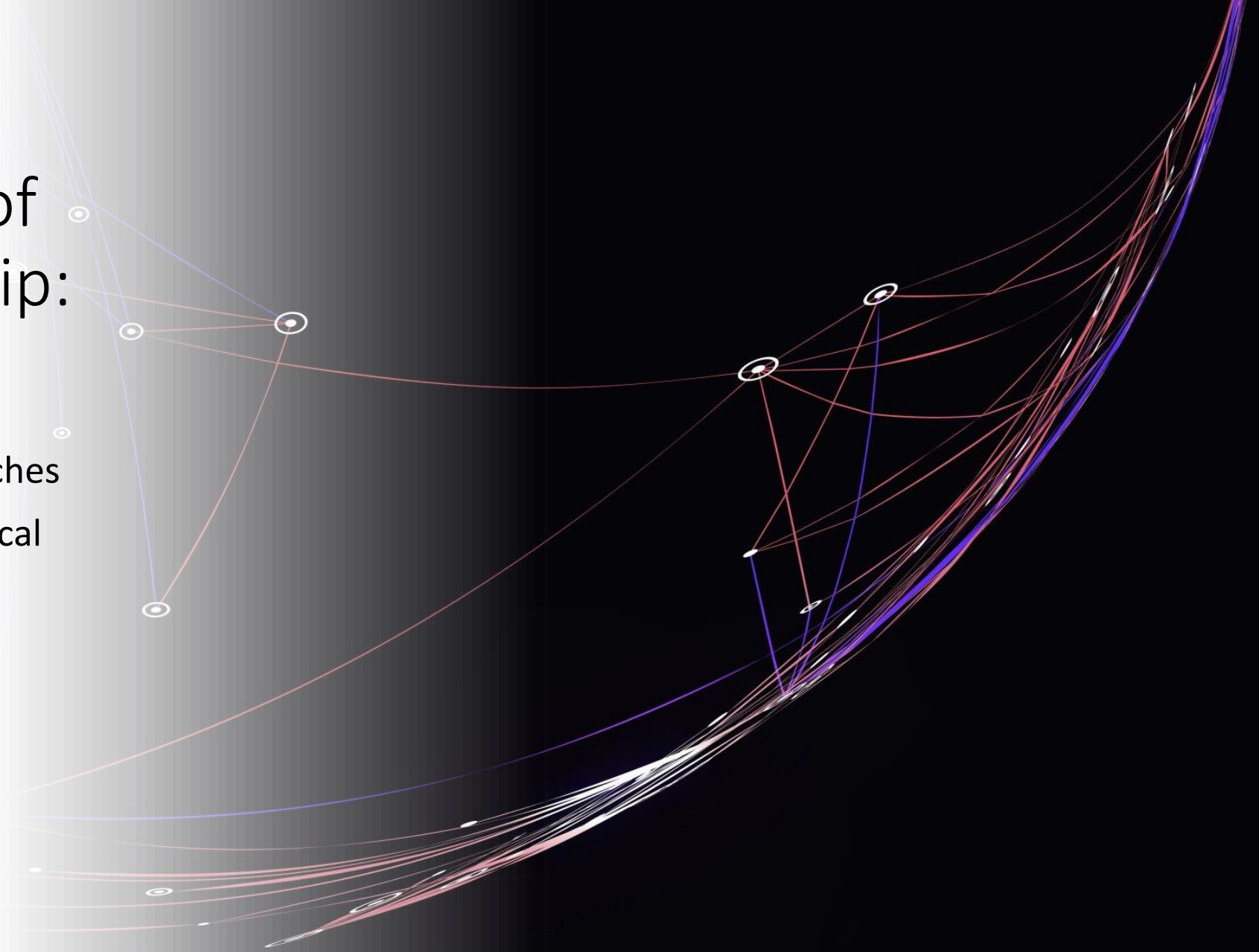
Basic terminology

What is entrepreneurship?

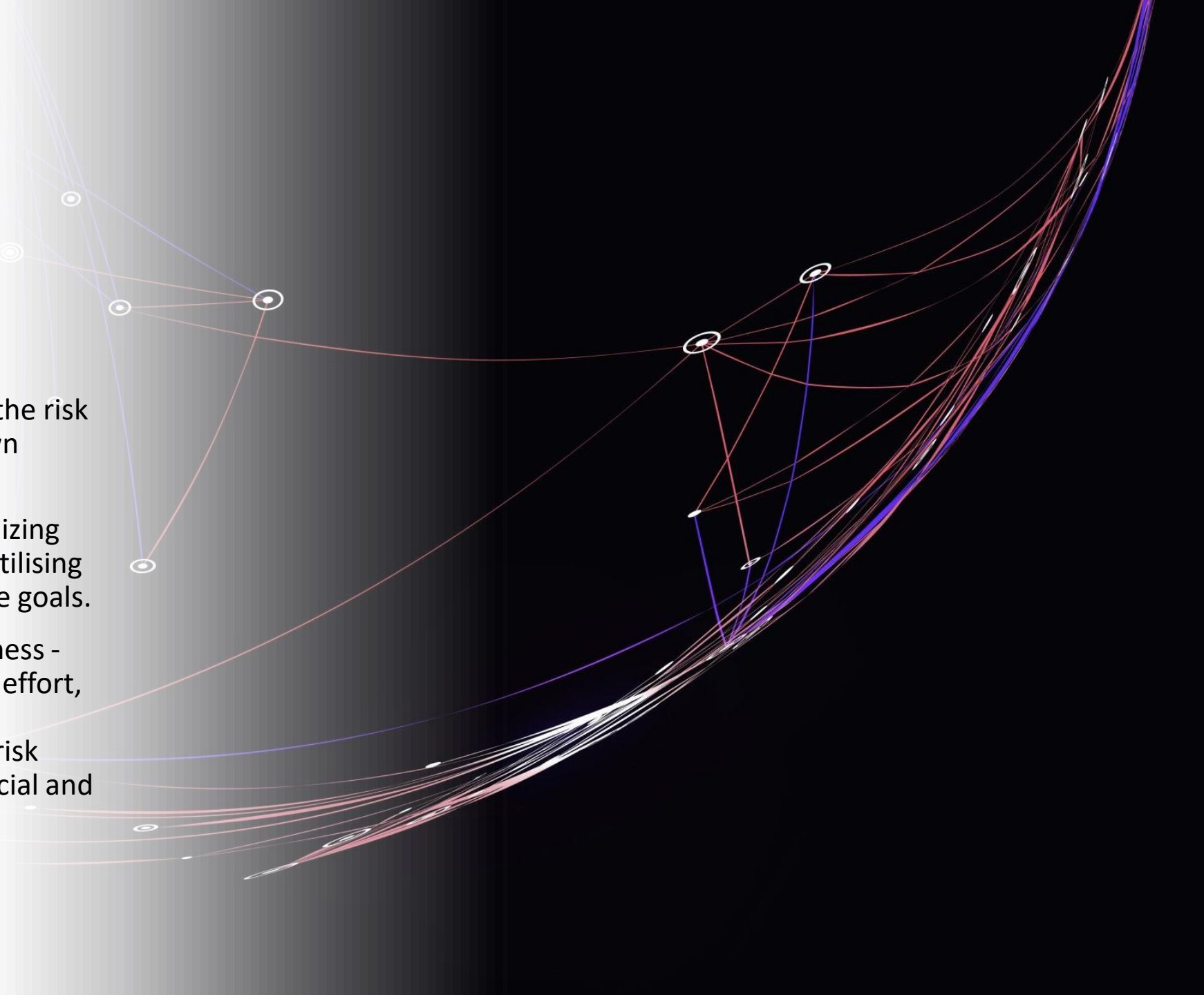
- Economic perspective
 - entrepreneurship is the utilisation of economic resources and other activities to increase their original value.
- Psychological perspective
 - entrepreneurship is an activity motivated by the need to acquire something, achieve something, experience something, or fulfill something.
- 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



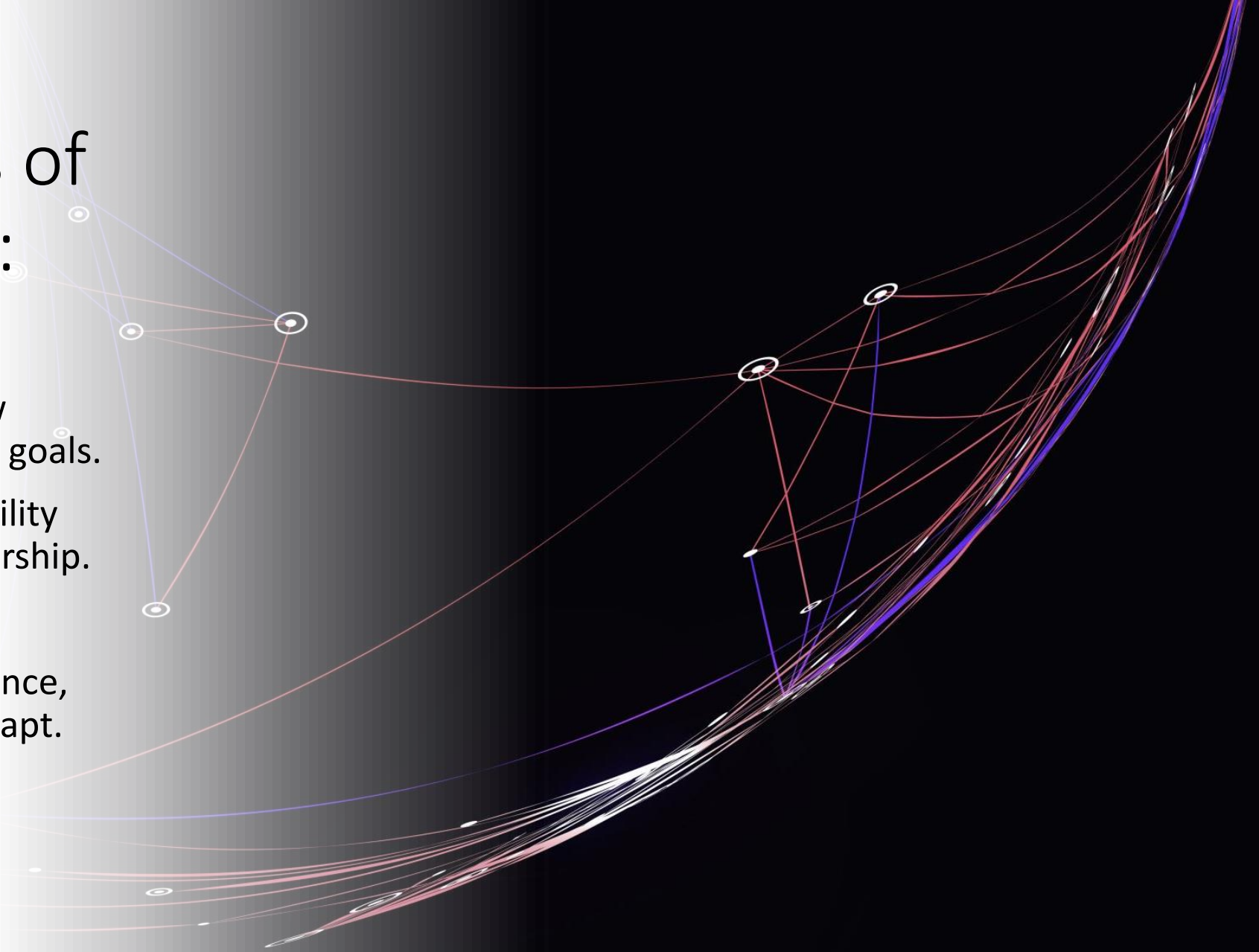
Who is an entrepreneur?



- 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.

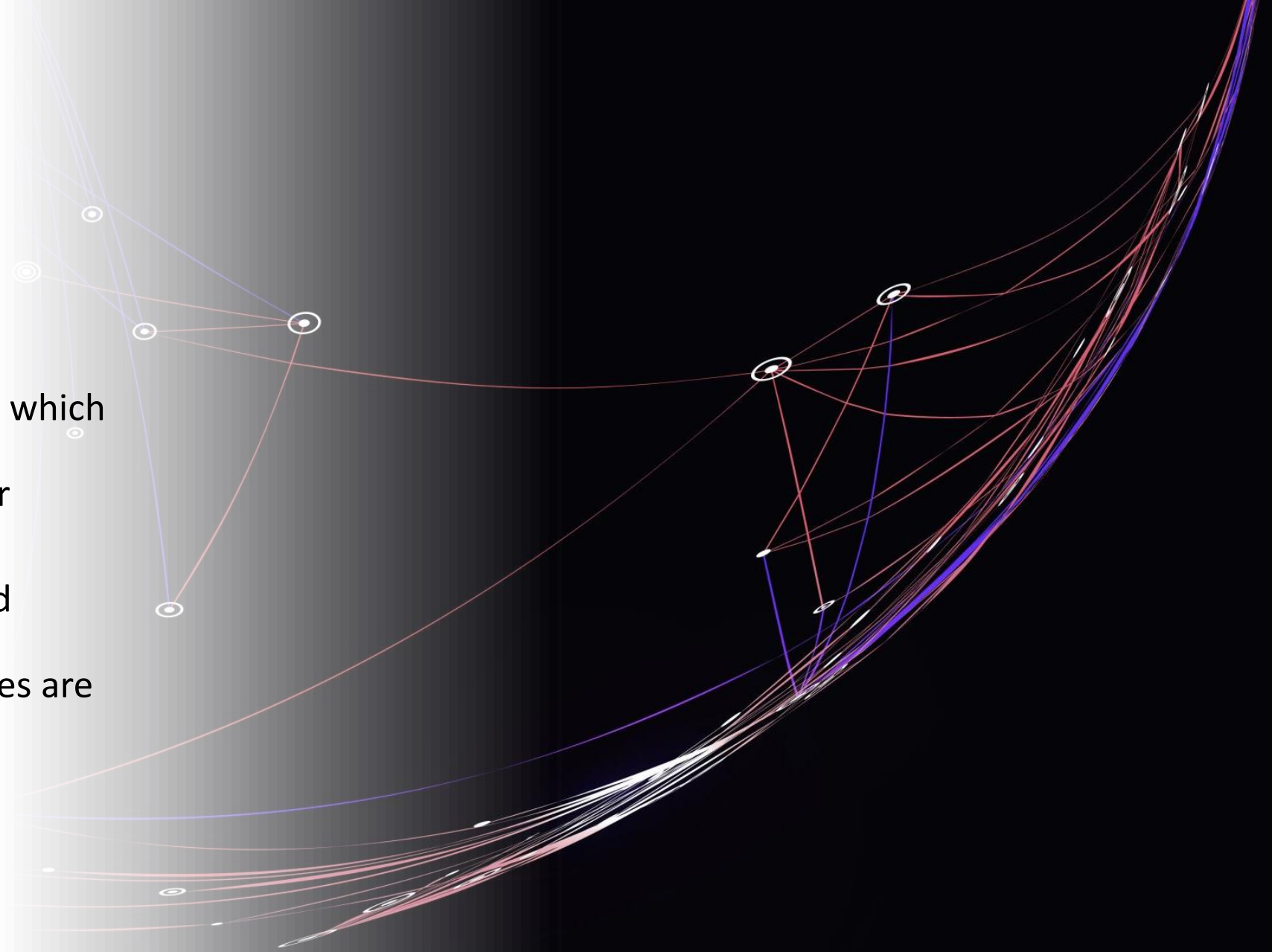
Characteristics of entrepreneurs:

- 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.



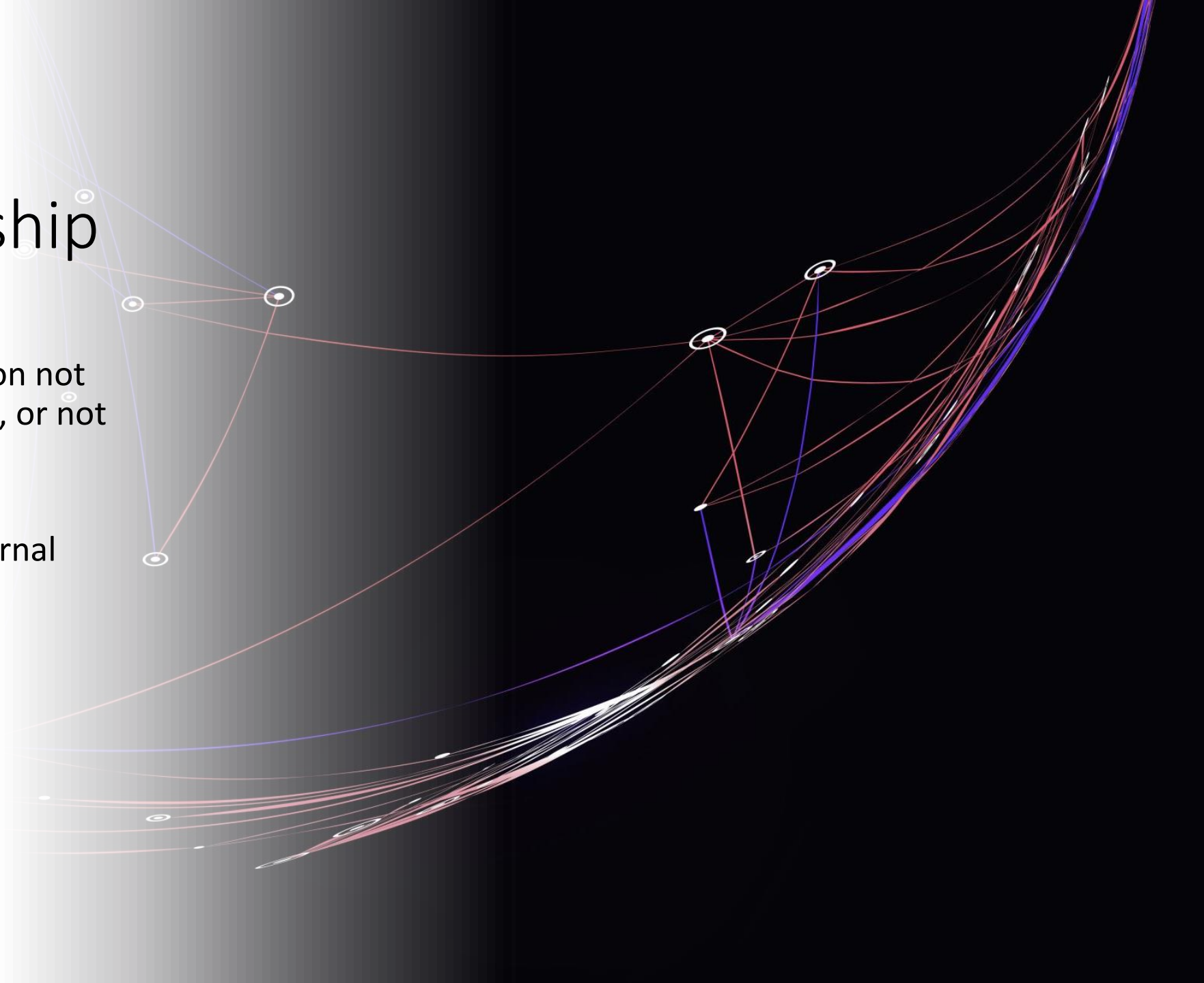
Enterprise

- 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

- 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



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)
- 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)

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.



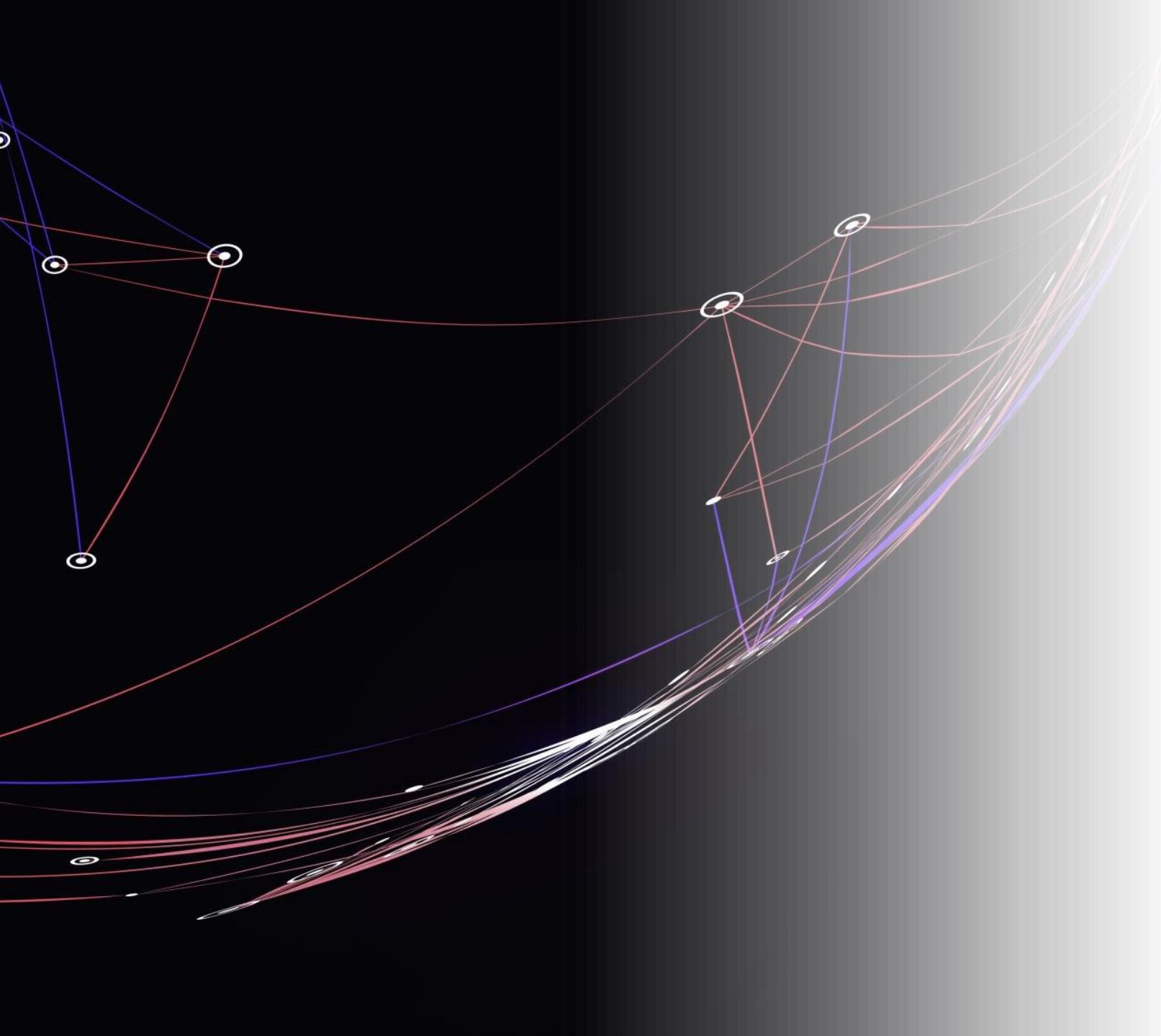
Business and Its Risks





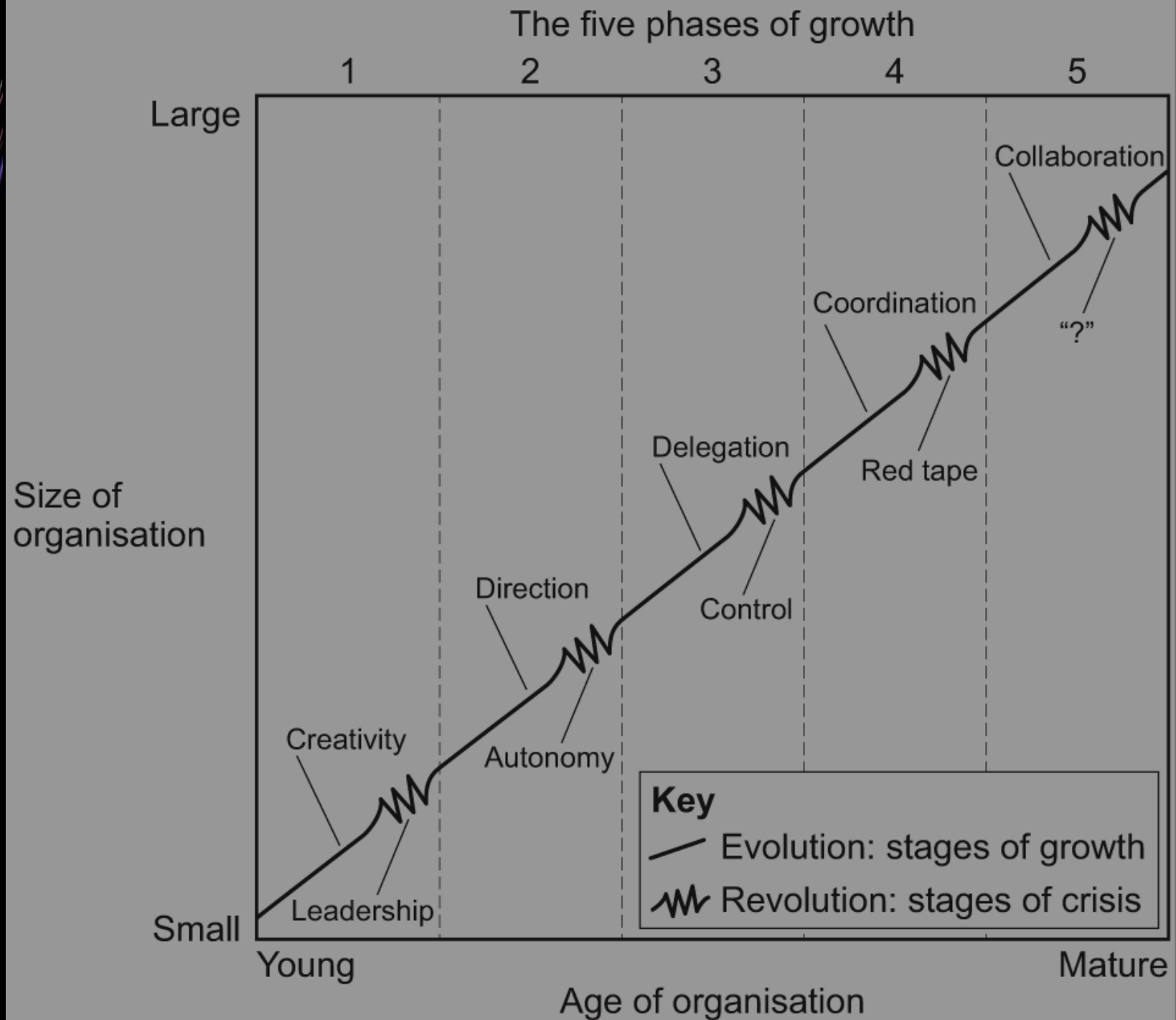
Risks can be characterized
as internal and external:

- 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.



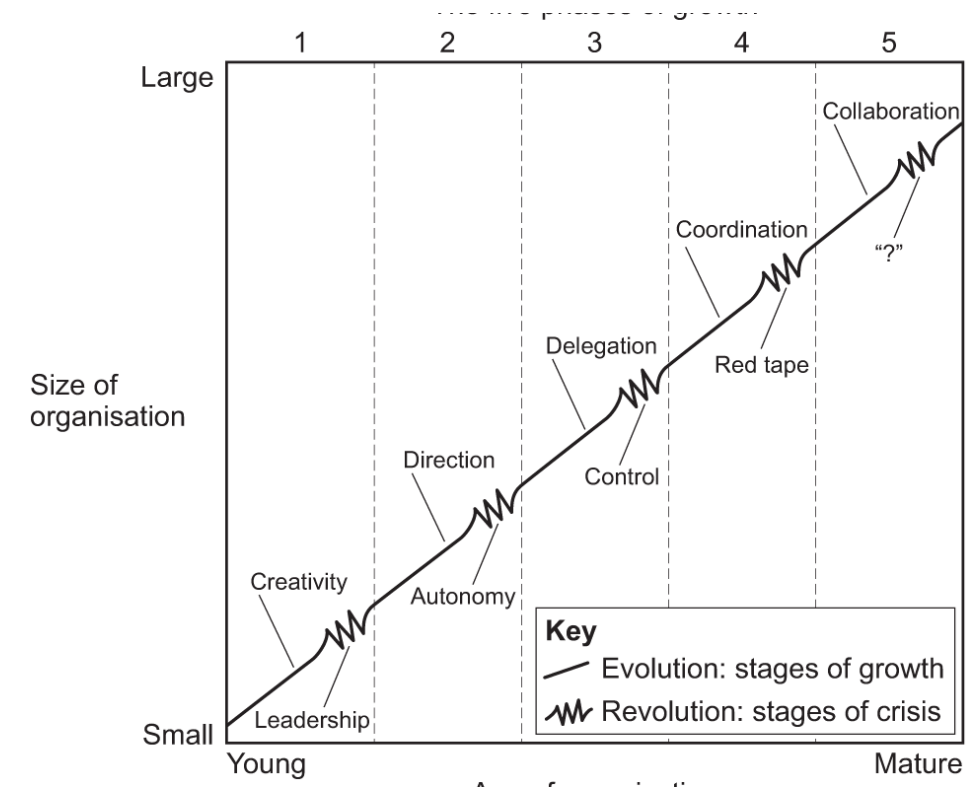
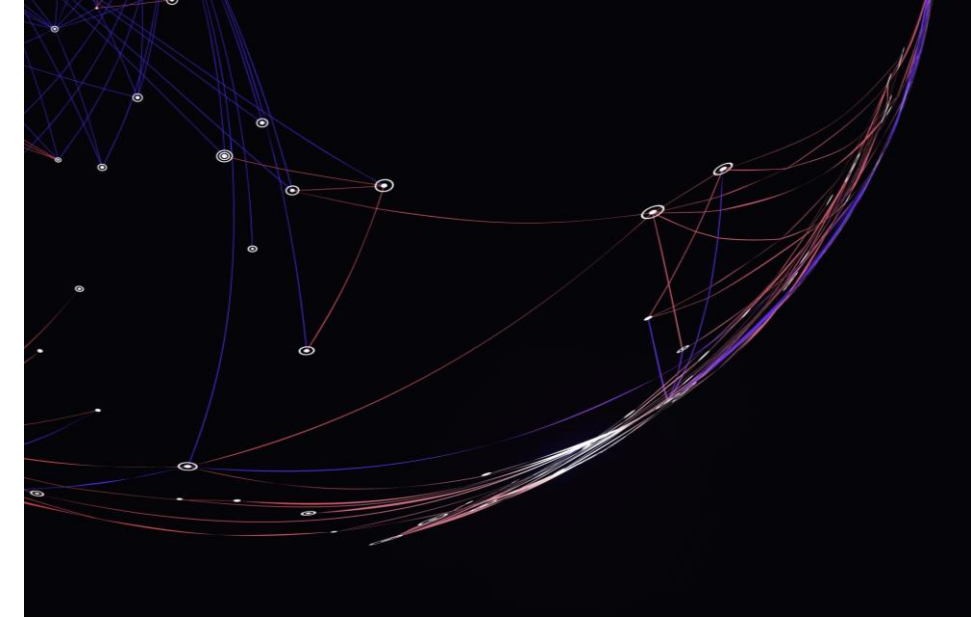
Models of the business lifecycle

Greiner's growth model



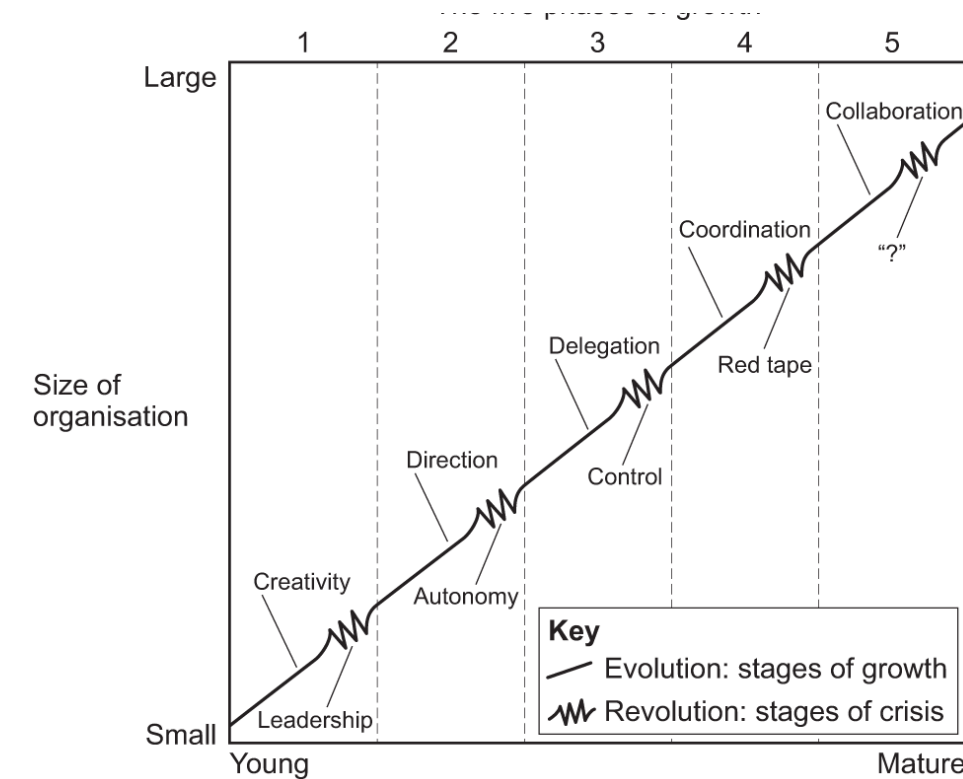
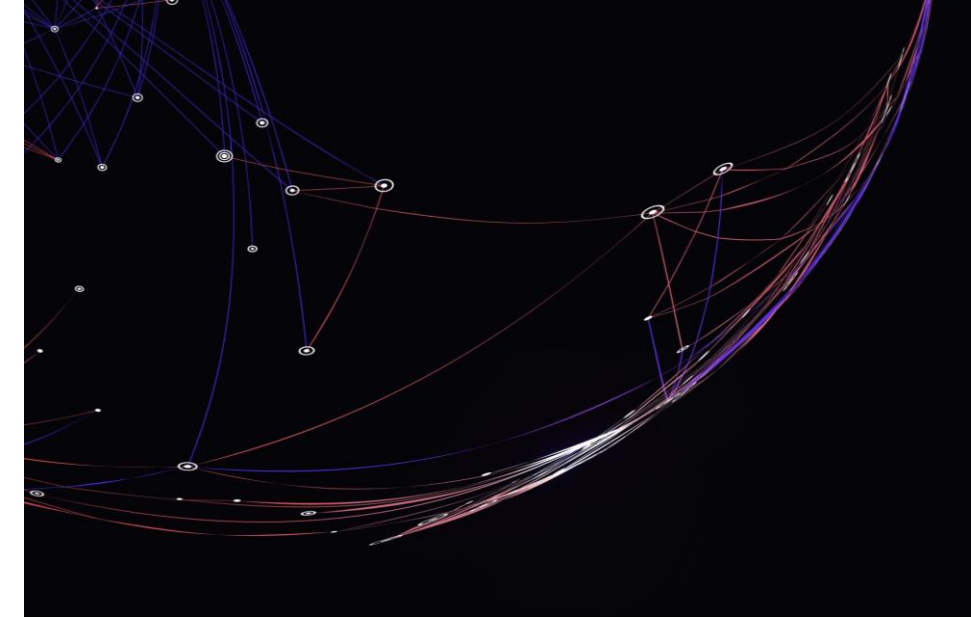
The Creativity Stage

- 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.



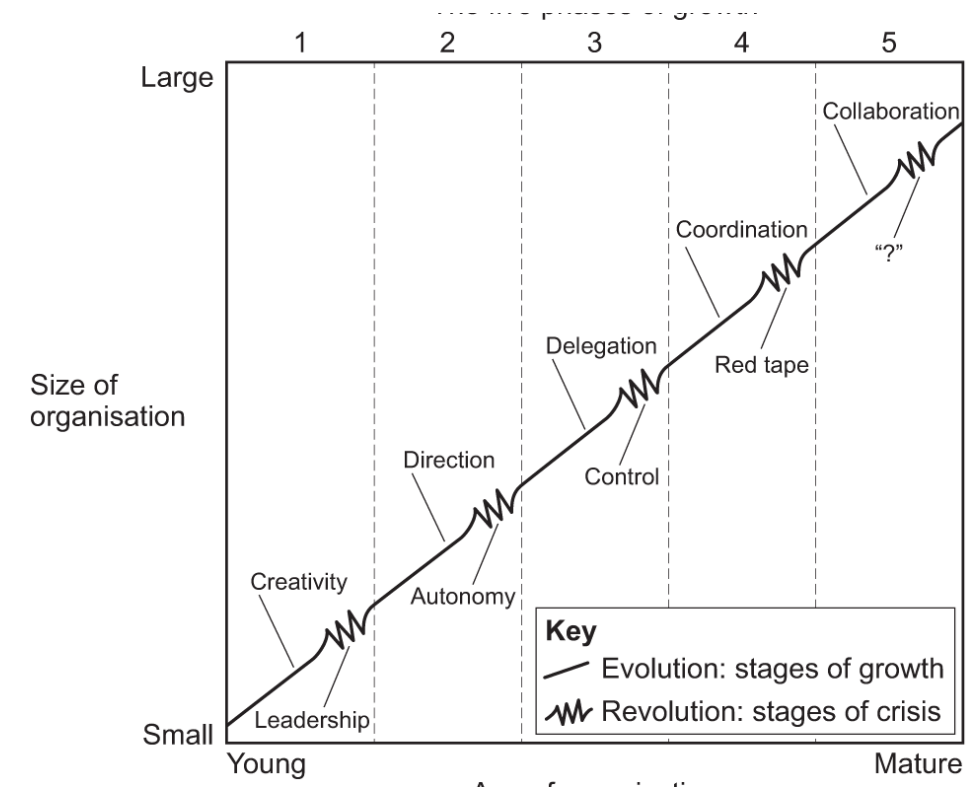
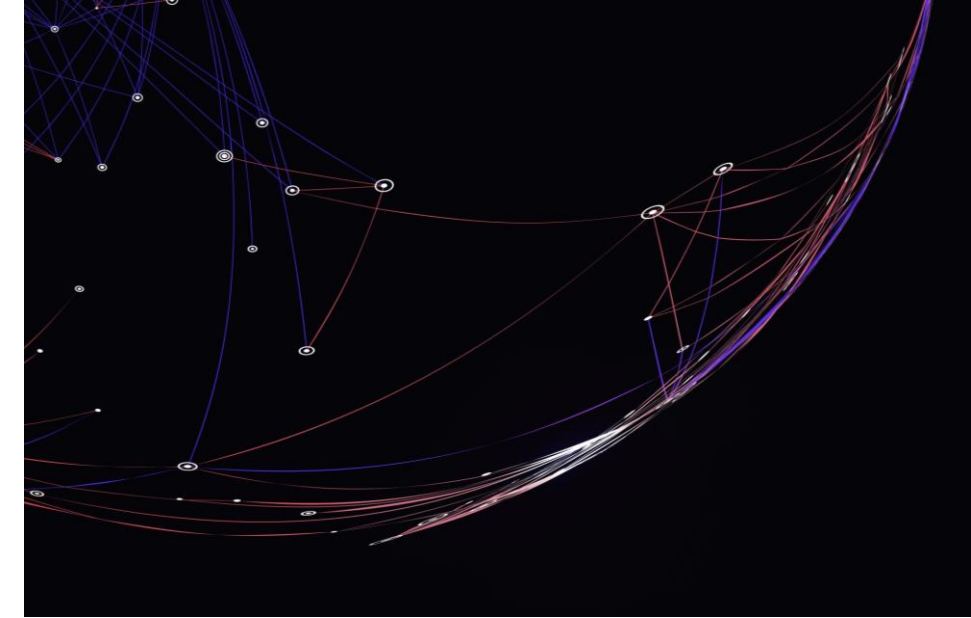
The Management Stage

- 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.



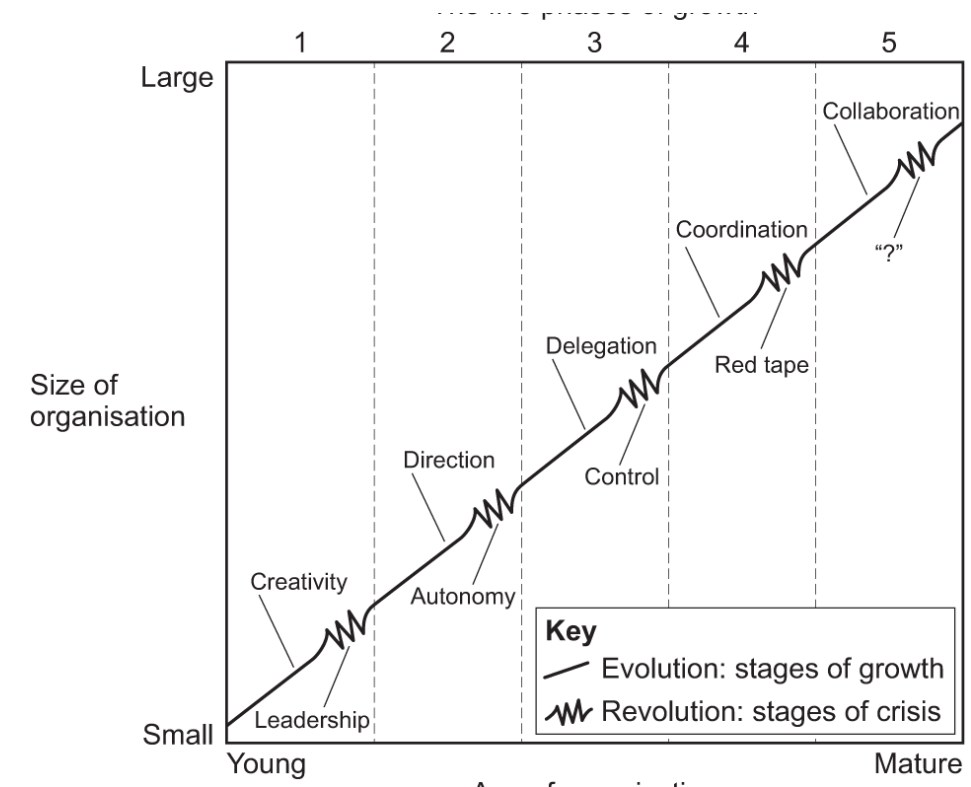
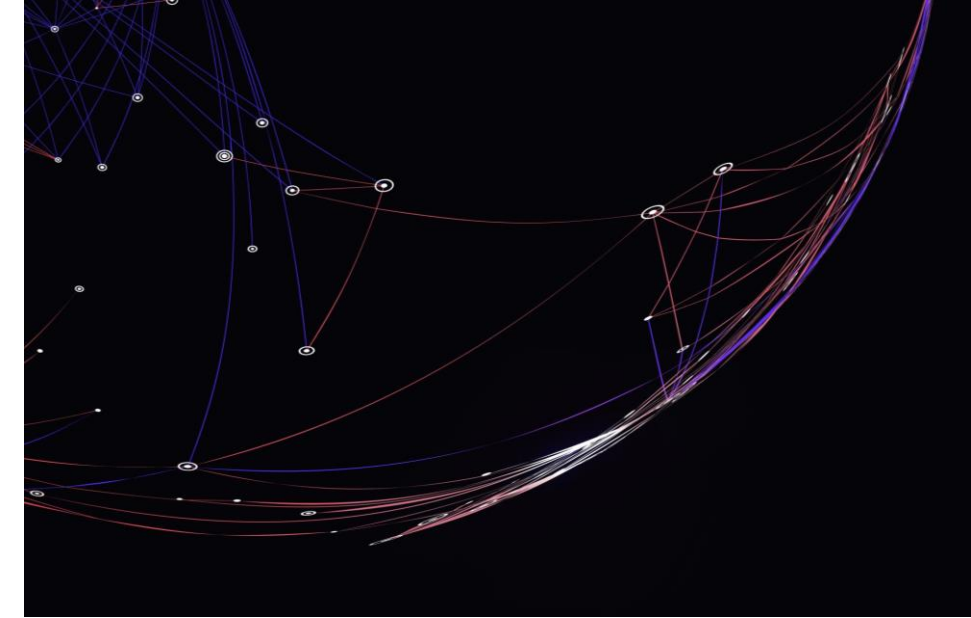
The Delegation Stage

- 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.



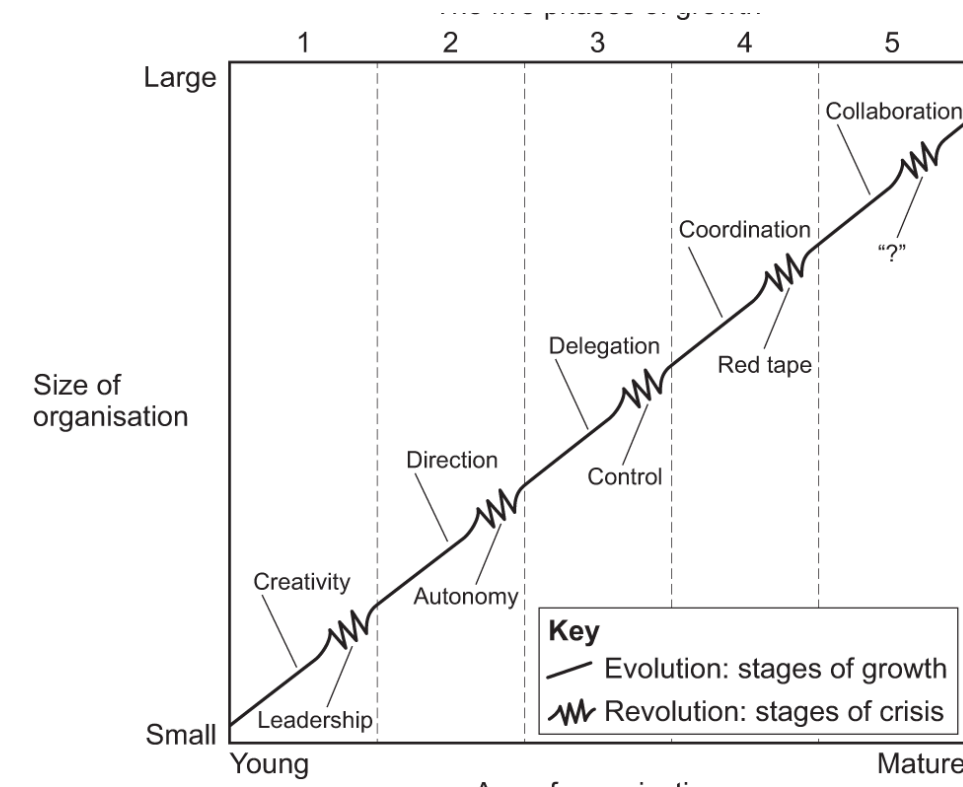
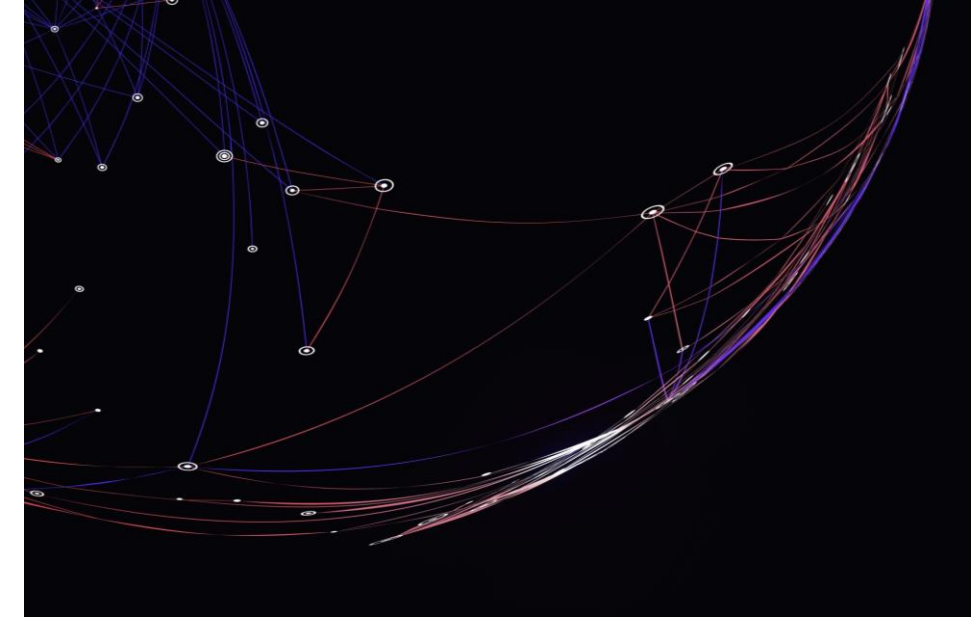
The Coordination Stage

- 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.

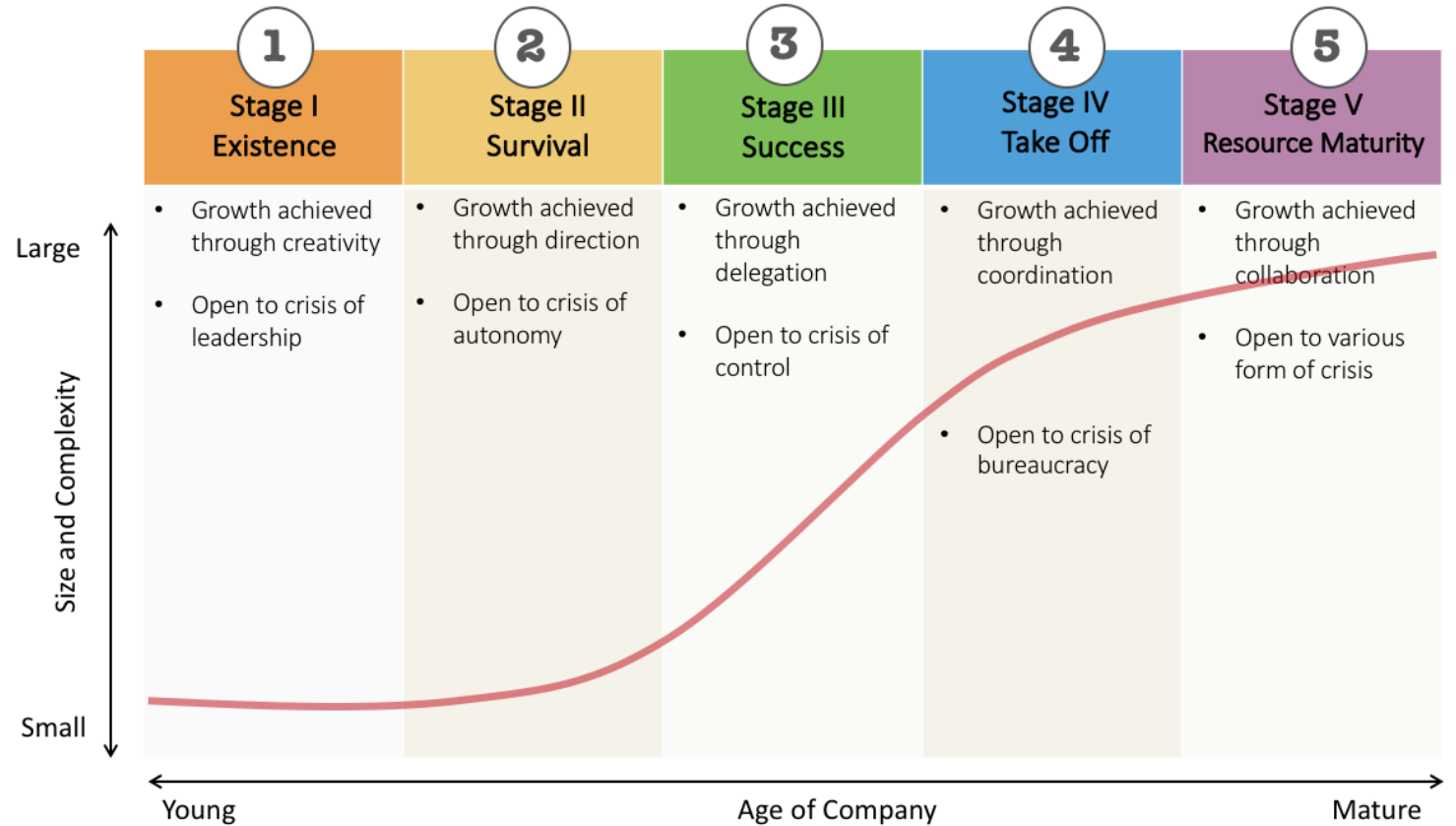


The Collaboration Stage

- 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.

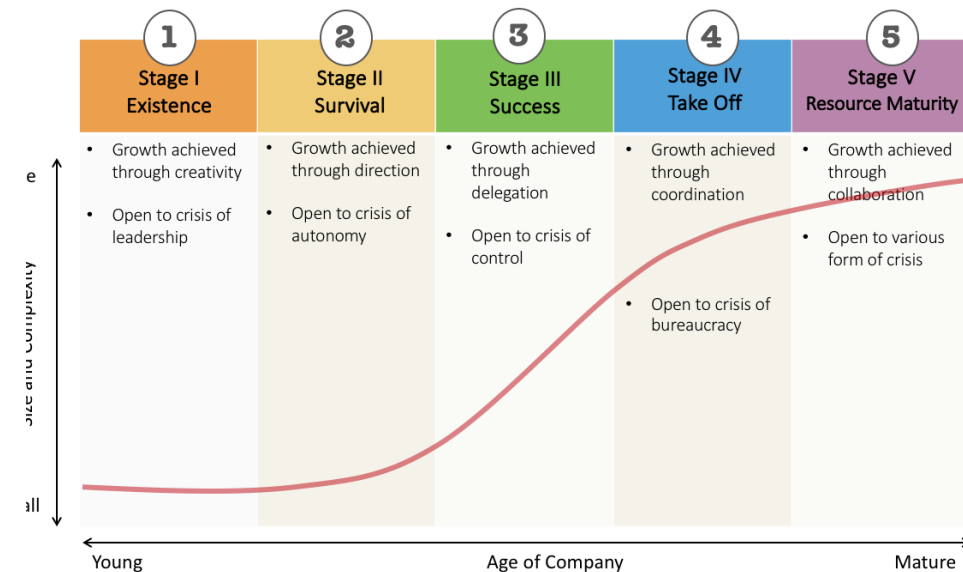
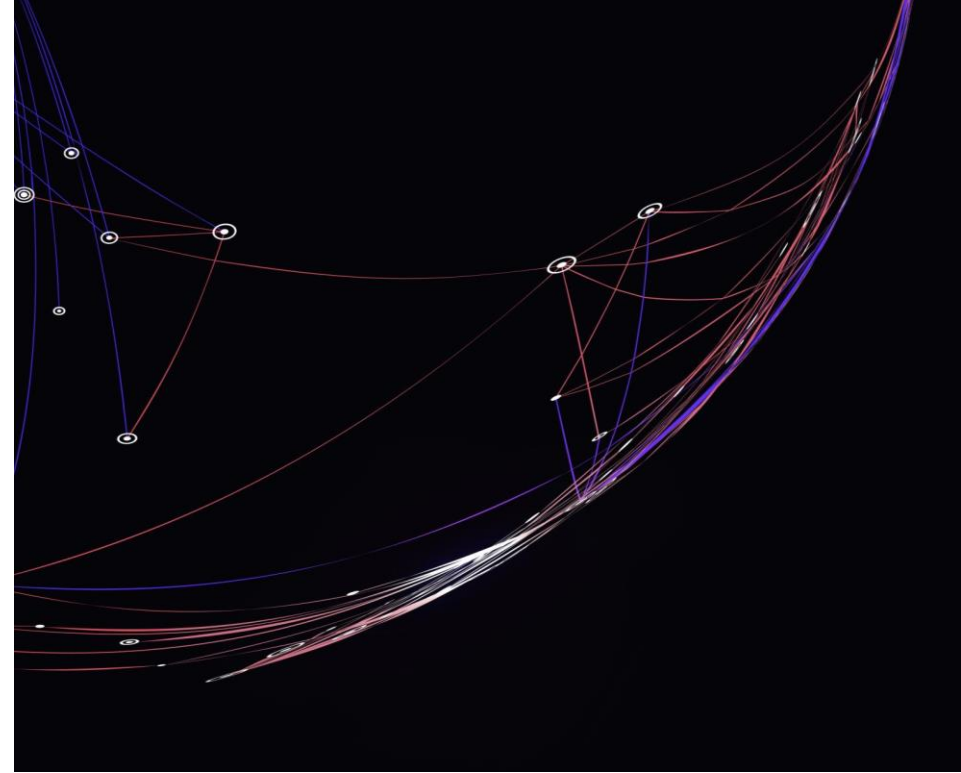


Churchill's and Lewis's growth model



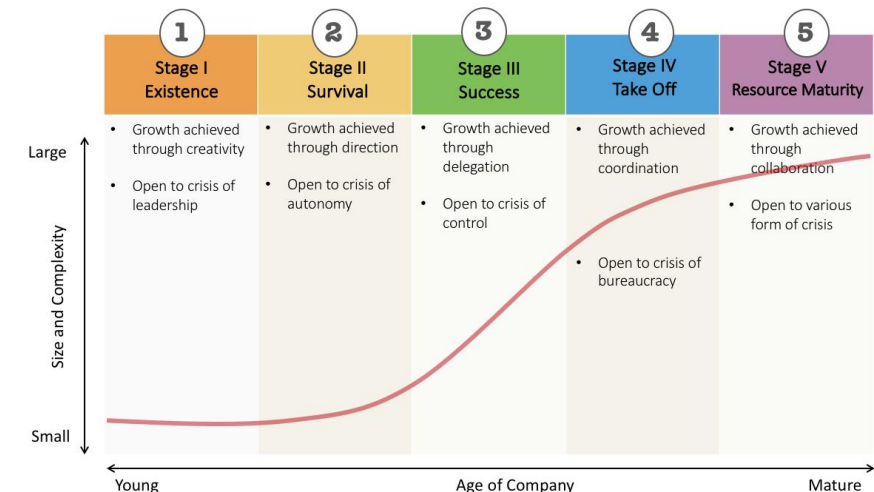
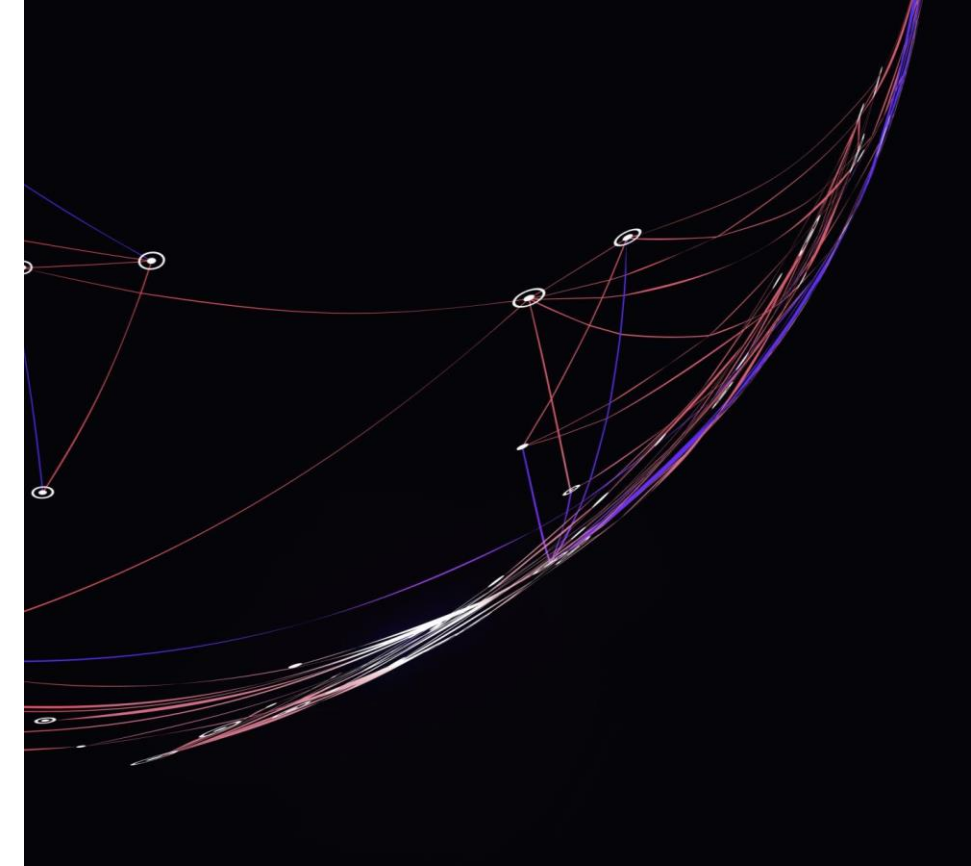
The Existence Stage

- 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.



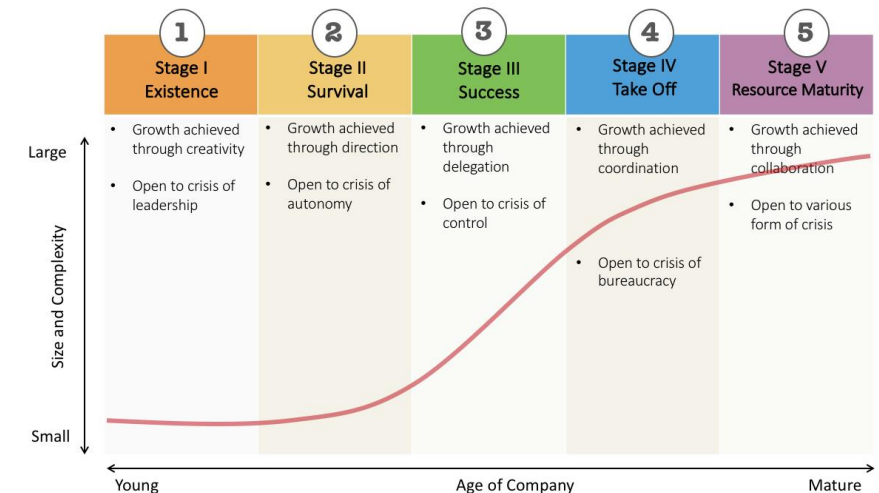
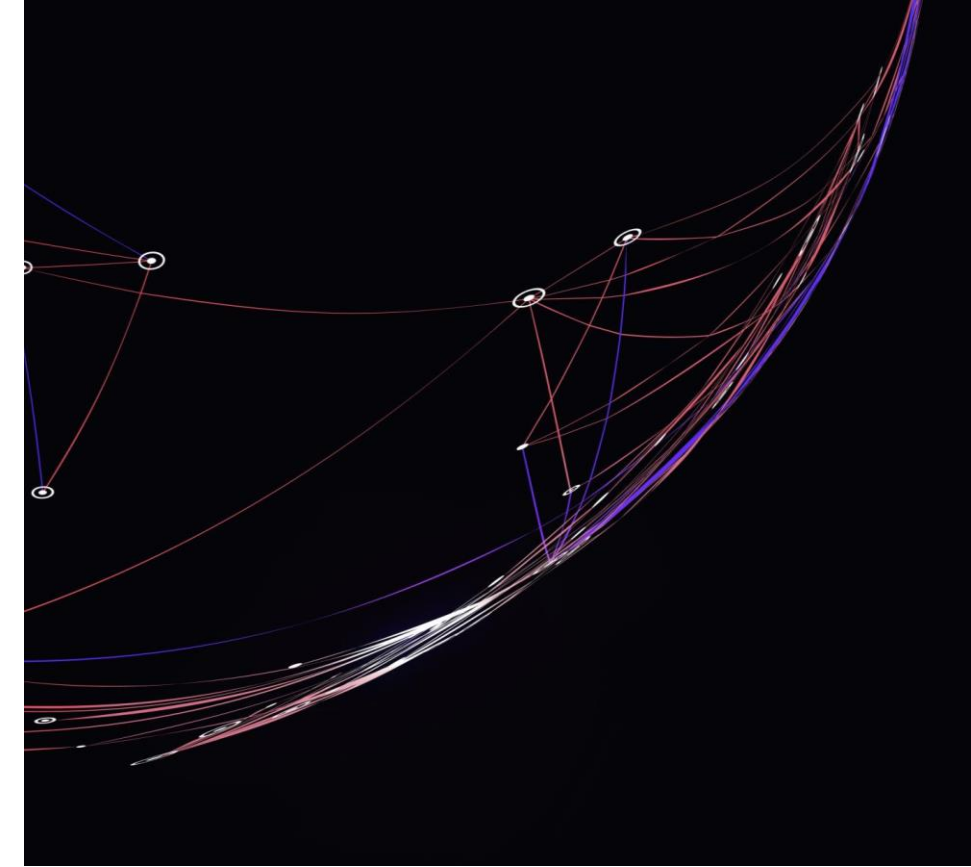
The Survival Stage

- 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.



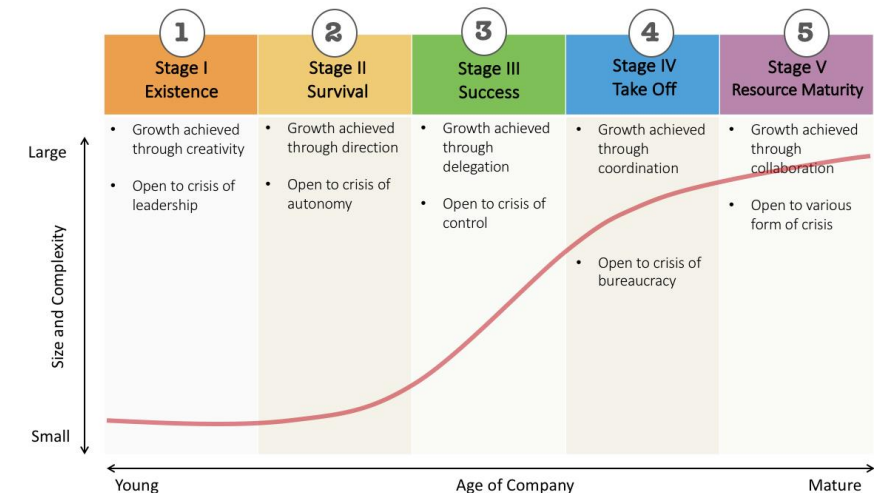
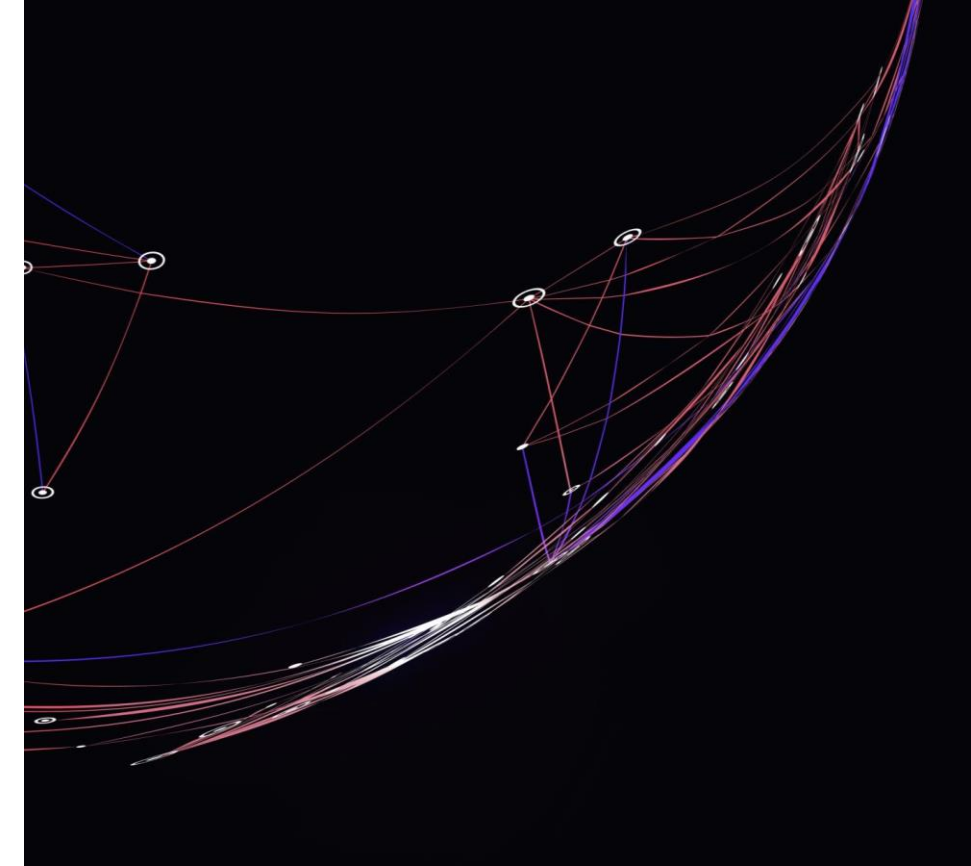
The Success Stage

- 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.



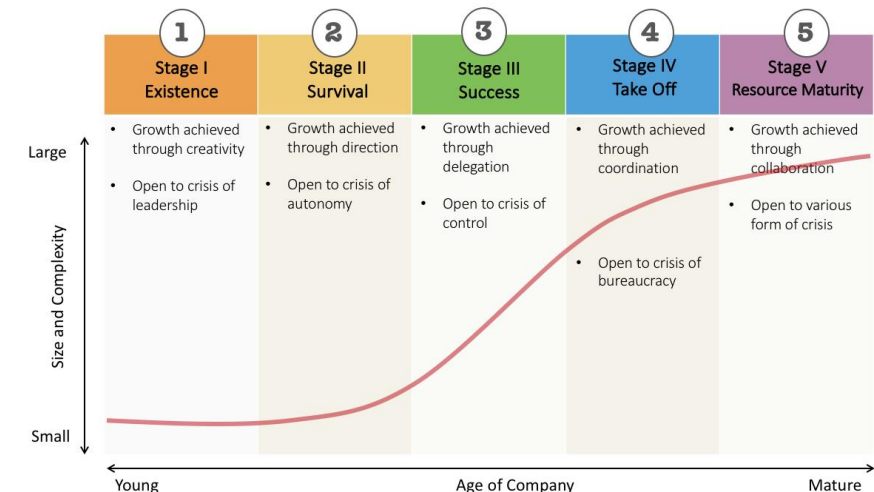
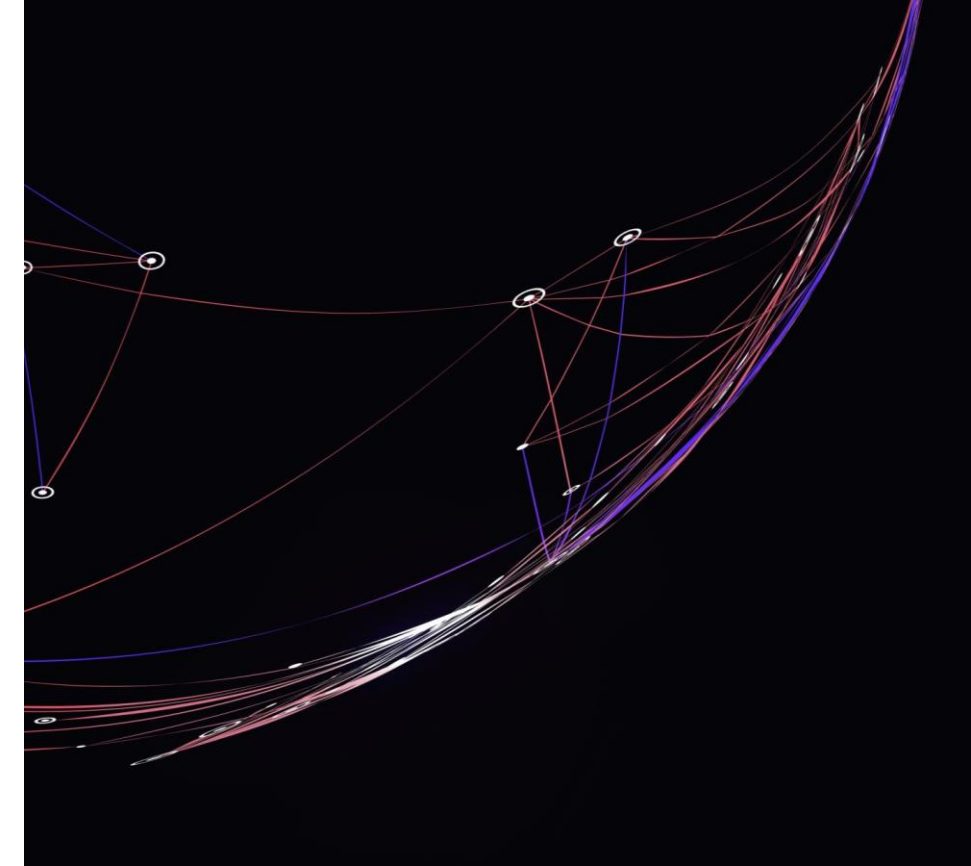
The Take-off Stage

- 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.