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THE ECO-ENTREPRENEURS TRAINING COURSE

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MODULE TITLE: ENTREPRENEUR'S JOURNEY

Module number: 1

Module author: University of Maribor

Module description:

The entrepreneur's journey includes the first thoughts and approaches to the entrepreneurial journey. In each unit, you will learn about the meaning of entrepreneurship, what qualities an entrepreneur must have, how to embark on your entrepreneurial journey, and examples of successful entrepreneurs. At the end of each unit, practical tasks allow you to check the acquired knowledge and determine whether you are on the right (entrepreneurial) path.

Learning objectives / outcomes:

- Plan your entrepreneurial journey.
- Learn which entrepreneurial qualities you have and which still need to be acquired/developed.
- Apply approaches to start an entrepreneurial journey based on good practices effectively.

UNIT 1.1: ENTREPRENEURSHIP - FUN OR HARD WORK?

Content:

1.1.1 What is entrepreneurship, and who is an entrepreneur?

1.1.2 Characteristics of an Entrepreneur

1.1.3 Advantages and disadvantages of being an entrepreneur

1.1.4 First steps in entrepreneurship

1.1.5 Where to find support and help?

1.1.1 WHAT IS ENTREPRENEURSHIP AND WHO IS AN ENTREPRENEUR?

Entrepreneurship is starting and developing a company, delivering something new to the market, or superiorly organising the means of production. Entrepreneurship is the activity of setting up a business or an enterprise and taking financial risks in the hope of profit. Entrepreneurship refers to the approach of developing and managing a business venture to earn profit by taking several financial risks in the corporate world. Entrepreneurship is the capability and willingness to set up, develop, organise, and manage an enterprise along with any of its risks to make a profit. Entrepreneurship is creating a business or business while building, scaling, and managing its risks to generate a profit.

Entrepreneur Definition: An entrepreneur, is a creator, a challenger, and a driving force. Someone that produces something new, either an initiative, a business, a company, or an organisation. They

may be the beginning of a venture, project, or activity. An entrepreneur is a person who starts a business, diagnoses and solves problems, is innovative, opportunistic, self-starting, open-minded, risk-taking and desires to make revenue from the enterprise.

Types of Entrepreneurs (Sushanta Maiti, 2021):

- **Social Entrepreneurs:** An individual involved in innovative solutions to social issues. This type of entrepreneur adopts a style in which they can create and sustain social values.
- **Serial Entrepreneurs:** Serial entrepreneurs start several businesses, hoping to operate any of them for a long time. They are mainly high-risk-takers with many extraordinary ideas and are not always involved in a career with a particular company or business.
- **Lifestyle Entrepreneurs:** A person who makes a profit from personal passion. They present their lifestyle ahead of every opportunity. The lifestyle entrepreneur builds a business they are passionate about and develop the business into a long-term, residual and continuous income.

1.1.2. CHARACTERISTICS OF AN ENTREPRENEUR

Several characteristics make entrepreneurs successful. Here are some of them (Sushanta Maiti, 2021):

Must Have the Ability to Take a Risk: Setting up any new business or enterprise involves significant risk. Thus, an entrepreneur needs to be fearless, innovative and risk-taking, which is a fundamental trait of an entrepreneur.

Innovative Mindset: This includes discovering new ideas and implementing them in business. The entrepreneur must evaluate current business modes and identify new methods and approaches for operating the business more effectively.

Passion: Passion demands you to perform even when you do not get paid in the end. This is true if you are starting a small business. Your entrepreneurial activity will involve establishing your small business. Entrepreneurs should always be passionate about their objectives and ready to sacrifice everything for their dreams to be achieved.

Confidence: If success is a recipe, then confidence is the crucial ingredient. As an entrepreneur, you should be confident in yourself and your services. While undertaking a business activity, you will encounter critical obstacles and difficulties. At that time, you should not lose your confidence and face the situation with courage.

Visionary and Leadership Qualities: To become successful, the entrepreneur should have a sharp and distinct vision of his new enterprise. However, many resources and employees are needed to transform the concept into reality. Leadership is required to motivate and guide your employees toward the right success track.

Decision Making: You must have good decision-making capabilities to be a successful entrepreneur. You should be ready to make the right decision immediately to bypass any mistakes. This is a must-needed skill that every entrepreneur with an entrepreneurial mindset should seek to acquire.

Entrepreneurs have many qualities that help their businesses be successful. However, an entrepreneur does not have to possess all the qualities. In that case, he must either learn or hire the services of those who possess the qualities he does not have.

1.1.3. ADVANTAGES AND DISADVANTAGES OF BEING AN ENTREPRENEUR

Here are some pros and cons of working as an entrepreneur (Indeed Editorial Team, 2022):

Pros of being an entrepreneur:

1. You have freedom and flexibility; As an entrepreneur, you have a great deal of freedom and flexibility to determine how you work. You get to choose your working hours and decide where you work. There is no manager that you need to report to every day.

2. You have total control over the business; Whether you want to sell a product or provide a service, you have total control over the business's operations; as the owner, you decide whom to hire and what wages or salaries they receive.

3. You have the potential to earn a lot of money; Instead of working for another employer and making money on their behalf, all the profits you earn go directly to your business. This means that the successes of the business become your successes.

4. You can follow your passion; Entrepreneurship is often a passion project for many professionals because it is an opportunity for them to achieve their lifelong goals and passions. Sometimes people work in one career field for many years and then decide that they are ready to pursue a path that they have always wanted to.

5. You can impact others positively; Being an entrepreneur means you can directly improve the lives of others on a local, national, or even global scale. As your business grows and becomes more profitable, you can provide many people with good-paying jobs and help them achieve a higher quality of life.

6. You develop various skills; As an entrepreneur, leadership is the most important skill you can develop. As you manage various business operations and employees, you can expect to become more adept at leading others ethically and taking liability for the growth of the business.

Cons of being an entrepreneur:

1. Greater personal responsibility; being an entrepreneur affords you autonomy over how to take responsibility. During the very early stages of development, you can expect to handle all the communication, financial, operational, marketing, advertising and legal affairs.

2. Potential financial risks; When you start a new business venture, there are financial risks associated with entrepreneurship. It is common for an entrepreneur to invest a substantial amount of their own money into the business so the company can operate and grow adequately.

3. More personal stress; More responsibility sometimes means more personal stress. As you work diligently to make your business successful, playing so many roles simultaneously can be emotionally and physically taxing.

4. Requires a professional network; developing a professional network is crucial for long-term success as your business progresses and grows. Consider the stakeholders that decide to invest in your business or the grassroots movement that donates to your venture. It is your responsibility to form connections and relationships with these individuals for the sake of your business.

5. Requires greater sacrifices and longer working hours; Starting as an entrepreneur requires you to sacrifice for the business's sake. This could mean investing more of your savings or reducing your income. Many entrepreneurs work long hours, often exceeding a standard 40-hour workday.

6. Competition with other established businesses; In a capitalistic society, competition between businesses is an inevitable and essential element. When you start a business, there will likely be other companies that may provide a similar product or service.

1.1.4 FIRST STEPS IN ENTREPRENEURSHIP

The first step of your entrepreneurial journey is identifying a "problem" that a sufficient number of potential buyers have and who are willing to pay for the solution of this "problem". Based on the identified problem, a business idea is formed. After identifying the problem and the solution (product - product or service), it is necessary to research the market potential and the competition.

Following is the design and layout:

- Idea
- Product
- Business model
- Founding a company
- Financial planning
- Acquiring financial resources
- Marketing - promotion
- Sales
- Establishing business connections
- Taxes
- Accounting

More detailed information on building a business idea and the areas mentioned earlier can be found in Modules 2-15.

1.1.5 WHERE TO FIND SUPPORT AND HELP?

Services and programmes provided by entrepreneurial eco-system:

- Mentorship
- Advising (marketing, finance, taxes, human resources,..)
- Idea counselling
- Assistance with business model preparation and planning
- Training
- Assistance with acquiring financial resources
- Events (networking)
- Office Infrastructure

Example of good practice:

- Video - interview with an entrepreneur

Exercise/ Assessment of the Unit:

- Characteristics of an entrepreneur; survey of 6 key characteristics, scale between 1 and 10 (self-assessment).

SLOVENIA

- SIO - incubators and technological parks (<https://www.podjetniski-portal.si/programi/sio-subjekti-inovativnega-okolja-sio>)
- Development agencies, One stop shop (<https://podatki.gov.si/dataset/evidenca-regionalnih-razvojnih-agencij>)
- Chambers and business guilds (<https://www.ozs.si/>, <https://www.gzs.si/>)
- Other supportive institutions and programmes (www.spirit.si, www.podjetniskisklad.si,..)

ITALY

- “Entrepreneur in one day” (Impresa in un giorno) is a government website created to offer information and support in dealing with the bureaucracy of starting and running your own business ([Home - impresainungiorno.gov.it](http://impresainungiorno.gov.it)).
- Unioncamere’s Training and Skills Development offers a comprehensive platform that provides useful information on self-entrepreneurship (Home | [Unioncamere](http://unioncamere.it)).
- The Ministry of Enterprise and Made in Italy has created “Smart&Start Italia”, a facilitation tool to promote, throughout the country, the conditions for the spread of new entrepreneurship and to support technology transfer policies and the economic valorization of the results of the public and private research system ([Sostegno alle startup innovative \(Smart & Start Italia\) \(mimit.gov.it\)](http://Sostegno alle startup innovative (Smart & Start Italia) (mimit.gov.it))).
- The Chambers of Commerce have also set up orientation, training, assistance, advice, and support services for creating new start-ups, including business projects started by women.

GREECE AND CYPRUS

- Visit the Hellenic Business Ecosystem website: There are many information and support services available on the Hellenic Business Ecosystem website (<https://www.egesy.gr/>). You can find information about the various programmes and programs that provide support.
- Official Websites of the Cyprus Government Services: Visit the Cyprus Government website (<https://www.cyprus.gov.cy/>) and search for information about business support programmes.
- Cyprus Business Associations and Associations: There are several business associations and clubs in Cyprus that provide support and information on how to set up and run a business. For example, the Cyprus Chamber of Commerce and Industry and the Cyprus Investment Agency provides support and assistance to businesses and entrepreneurs.
- Innovation and Business Development Centres: There are a number of research and innovation centres in Cyprus, such as the Cyprus Research and Innovation Centre (CyRIC) and the Cypriot Enterprise Link (CEL), which can provide information on the Cypriot Enterprise Link (CEL).
- Contact Local Business Organisations: In many regions of Greece have local business organizations and business centers that can provide support and assistance to help you find information and support for your local area.
- Business Centres: usually provide advice and information services for entrepreneurs and they can direct you to appropriate programmes.
- Get information from the Trade and Industry Inspectorates: Inspections can provide information on the programmes and subsidies involved specific industries or activities.
- Consult with professional advisors: Professional consultants and accountants can provide information and advice on support programmes.

POLAND

- PARP - Polish Agency for Enterprise Development (<https://www.parp.gov.pl/component/parpabout/>)
- KIG - The National Chamber of Commerce (<https://kig.pl/o-kig/o-nas/>)

PORTUGAL

Services and programs provided by the business ecosystem

- Mentoring
- Advice (marketing, finance, taxes, human resources)
- Idea advice
- Assistance in preparing and planning the business model
- Training
- Assistance in acquiring financial resources
- Events (*networking*)
- Office Infrastructure

Obtain financing and support (<https://eportugal.gov.pt/inicio/espaco-empresa/guia-a-a-z/cid-2-faseneg-0-obter-financiamento-e-apoio>)

You can find information about:

- Financing
 - Venture Capital and Business Angels (BA)
 - StartUP Europe
 - the StartUP Voucher
- Tools

When it comes to the financing the investment needed to set up your business, one of the main problems is where to get it, especially for those who do not have equity.

Here, the future entrepreneur can obtain information on financing and support for setting up his/her own business:

- [Financing for SMEs](#), IAPMEI
- [Technical Support for the Creation and Consolidation of Projects](#), IEFP
- [Support for Business Creation](#), IEFP
- [Support for Self-Employment Creation](#), IEFP
- [Investe Jovem](#), IEFP

Financing

Venture Capital and Business Angels

Venture Capital is a form of financing, through recourse to equity capital, for a temporary period, providing companies with stable financial means for the development of their growth strategies. Applicable to start-up projects, expansion, modernization and business innovation with a strategic dimension.

The Business Angel (BA) is an individual investor who invests a small portion of his wealth or savings in projects led by a strong team of entrepreneurs. BAs typically invest in innovative startups with accelerated growth potential.

For more information see:

- [Financing Solutions with Public Support](#), IAPMEI, IP (Listing of Financing Solutions being updated)
- [How venture capital works](#), Associação Portuguesa de Capital de Risco

StartUP Europa

Provides information, opportunity and resources to support start-ups or future start-ups.

[Click here for more information.](#)

StartUP Voucher

Its aim is to stimulate the development of business projects by young people between the ages of 18 and 35 that are in the idea phase, through various support instruments made available over a period of up to 12 months of preparation of the business project.

See more information in [StartUp Voucher](#), IAPMEI.

Tools

[Financial institutions](#) - a tool that allows you to search for the most suitable financing possibilities for your company, from the Your Europe website.

[Support for the creation of cooperatives](#) - the coopjovem is a programme to support cooperative entrepreneurship. It is aimed at supporting young people in the development of a business idea, facilitating the creation of self-employment.

[Youth Associations](#) - In the IPDJ, IP portal you will find several relevant information:

- [Support for the creation of youth associations](#)
- [Sources of funding for youth associations](#)

SOURCES/LITERATURE OF THE UNIT:

[1] Ruzzier, M., Antončič, B., Bratkovič, T., Hisrich, R.D., (2008): Podjetništvo. Koper: Društvo za akademske in aplikativne raziskave. Str. 10-285.

[2] Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., Value Proposition Design. Dostopno na/available at: <https://assets.strategyzer.com/assets/resources/value-proposition-design-book-preview-2014.pdf>. Str. 15-38.

[3] Goljar, M., (2012): Poslovno modeliranje. Ustvarjalnik. Ljubljana.

[4] Maurya. A. (2014): Delaj vitko: Od načrta A do načrta, ki deluje. Pasadena, Ljubljana. www.delajvitko.si.

[5] Barringer B. R., Ireland R. D., (2016) »Entrepreneurship, Successfully Launching New Ventures«; Prentice Hall - Bergant, A.

[6] Sushanta Maiti (2021); "What is Entrepreneurship? Definition, 5 Types, 5 Scopes, Characteristics, 5 Importance"; https://educationleaves.com/what-is-entrepreneurship/#Definition_of_Entrepreneurship.

[7] Indeed Editorial Team (2021); "12 Pros and Cons of Being an Entrepreneur"; <https://www.indeed.com/career-advice/finding-a-job/pros-and-cons-of-being-entrepreneur>.



MODULE TITLE: BUSINESS IDEA

Module number: 2

Module author: University of Maribor

Module description:

The goal of starting your own business begins with recognising a problem on the market, with big market potential and enough potential that the buyers are prepared to pay for your solution (product, service). The Module will present the steps on how to identify the problem, what are the ways of creating a business idea, what a good business idea should include, and how to assess the potential of a business idea. The Module's content will enable you to take a structured approach to formulate and define a business idea, which are the necessary steps in successfully starting your own business.

Learning objectives / outcomes:

- Approaches to creating a business idea.
- Characteristics of a good business idea.
- Valuation of a business idea.

UNIT 2.1: BUSINESS IDEA

Content:

- 2.1.1 How do I get an idea to start a business?
- 2.1.2 Identify your why and who, and why
- 2.1.3 Characteristics of a good business idea
- 2.1.4 How to check the "value" of a business idea?

2.1.1 HOW DO I GET AN IDEA TO START A BUSINESS?

How to generate business ideas:

- Ask family and friends.
- Consider problems in your everyday life - then solve them!
- Build on your hobbies.
- Consider if there are tasks you could make easier.
- Build on existing products or services.

17 places to find product ideas (Mark Macdonald, 2022):

- Start with what you have.
- Pay attention to trends in your local community.

- Consult online consumer trend publications.
- Get inspired by industry leaders.
- Use product trend discovery sites.
- Take a look at social curation sites.
- Peruse B2B wholesale marketplaces.
- Browse online consumer marketplaces.
- Look through social forum communities.
- Search social media networks.
- Read on-site and third-party customer reviews.
- Review SEO analytics and insights.
- Read consumer lifestyle publications.
- Learn from your competitors.
- Create customer surveys.
- Crowdfund.
- Look to the past.

2.1.2 IDENTIFY YOUR “WHY” AND “WHO” AND HOW

After you have come up with a new business idea, the first step is to concentrate on its “why” and “who”. You may think you have thought up an awesome idea, but your business will not be successful if you do not know the real reasons behind why it is a good solution, and whom it would be a good solution for.

Start to think about what problem your business idea solves. Your business may solve a problem for you, but does it solve it for others? If nobody else has the problem that your business proposes a solution for, then who will buy that solution?

After you have taken a deep dive into why your business is needed in the first place, determine who will be your business’s target audience. Think about the demographics of your target audience, what is important to these people and how you will reach them.

After you have worked out all the details of your future business, the next step is to figure out how to turn your dream into a reality. Starting a business could cost a lot of money, so that is one of the major “how” factors you need to consider. Decide if you will talk to investors, take out a loan, or maybe even start a Kickstarter campaign.

Determine everything you will need to get your business up and running. For instance, if you offer a product, how will you build it, and how much money will it cost? This last step is one of the most important to take your business from out of your head into the real world.

2.1.3 CHARACTERISTICS OF A GOOD BUSINESS IDEA

The best business ideas provide a product or service that addresses an ongoing need for an identifiable customer base. A good business opportunity is scalable, meaning you can expand production or serve more customers without negatively impacting quality or revenue.

What are the characteristics of a good business idea? (Ahmad Nasrudin, 2023):

- **Profitable;** Any business will close when it is not profitable in the long term. So, a viable business idea should be profitable in the long run. Profitable means a potential business idea generates more revenue than it costs. For new businesses, costs include research and development costs, production costs, and other operating costs. Revenue should also compensate for the cost of resources such as time and effort expended by the business owner.
- **Innovative;** Innovative products drive consumer interest, increasing their chances of buying. It also reduces promotional costs. For example, first-time buyers satisfied with the product are happy to recommend it to their closest people.
- **Solve the problem;** Entrepreneurs launch products to meet consumer needs and what they want. The emergence of a need could be because consumers have problems that existing products cannot solve. That then creates business opportunities to work on.
- **Unique selling proposition:** A unique selling proposition is a unique aspect of a product, differentiating it from competitors' products. It makes a product stand out from its competitors; it could be price, features, or quality.
- **Substantial demand;** The business idea must have a substantial market demand. It allows your new business to grow, generate more revenue and lower costs. Market size is important to increase customer base, grow sales, and achieve economies of scale.
- **Adequacy of resources;** Starting a small-scale business often relies on start-up capital from your pocket instead of external financing. It also consumes various other resources, including your effort and time. It also requires support, such as production methods, distribution channels, and employees.
- **Resistance;** The market and competition in it are dynamic. Therefore, a good business idea should enable a business to thrive in a changing market environment. Moreover, in this case, competition is one factor to consider.

2.1.4 HOW TO CHECK THE "VALUE" OF A BUSINESS IDEA?

Search for similar solutions.

No business idea is 100 per cent unique; there will always be businesses in the world that are similar to yours. So, do not sweat if companies are doing what you do; in fact, that proves there is a market for what you do. You have to consider who your competition will be, what they are providing and what you will do differently or better than they do.

You must know what sets you apart to stand out from the competition. Start doing research on the companies that could become your competition. Look at how much they charge, their target audience, and how they market to them, to name just a few research points. There is no need to reinvent the wheel but do look at what these companies are lacking and how you can improve upon those areas in your business, so that you capture their customers.

Talk to your potential customers.

Similar to how you study your potential competition, you should be studying potential customers. Get out there and start talking with your target audience. See if your product or service is something they would use, find out how much they would pay for it and ask what comparable product or business they are using now to solve the problem. You could even get super in-depth and ask people to fill out

a survey providing answers that will help you get to know your audience even better. Even negative feedback about your business idea can help you refine your idea.

Example of good practice:

- 5 slides of Entrepreneur success ideas (local!)

Exercise/ Assessment of the Unit:

- What is your business idea?
- When do you plan to start your business?
- Who is your buyer/costumer?

SOURCES/LITERATURE OF THE UNIT:

[1] Ruzzier, M., Antončič, B., Bratkovič, T., Hisrich, R.D., (2008): Podjetništvo. Koper: Društvo za akademske in aplikativne raziskave. Str. 10-285.

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[7] Mark Macdonald, (2022) “Product Ideas: 17 Places To Find Profitable Products”; <https://www.shopify.com/blog/product-ideas>.

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MODULE TITLE: BUSINESS MODEL CANVAS (BMC)

Module number: 3

Module author: University of Maribor

Module description:

The Business model canvas (BMC) Module represents an approach and a tool with which entrepreneurs, especially potential entrepreneurs, effectively redefine or start their entrepreneurial journey. The Module presents the structure, approach, and key advantages of using the canvas business model. The Business Model Canvas helps visualise what is important and forces users to address key areas. It can also be used by a team (employees and/or advisors) to understand relationships and reach agreements.

Learning objectives / outcomes:

- Benefits of Using the Business Model Canvas.
- How to start building a BMC for your business idea.
- Key areas of Business model Canvas.

UNIT 3.1: BUSINESS MODEL CANVAS (BMC)

Content:

- 3.1.1 Benefits and how to start Business Model Canvas
- 3.1.2 Design of Business Model Canvas

3.1.1 BENEFITS AND HOW TO START BUSINESS MODEL CANVAS

A business model is a plan describing how a business intends to make money. It explains who your customer base is, how you deliver value to them, and the related financing details. And the business model canvas lets you define these different components on a single page. The Business Model Canvas gives entrepreneurs a comprehensive snapshot of every aspect of their business - everything from the value proposition and customer segments to operations and the financials. However, the tool is no more complex than nine boxes representing business segments drawn across one sheet of paper. A large part of its effectiveness is in its simplicity. The exercise forces owners to stay focused and concise as they map their business according to each box to hone their business strategy and plan. Identifying planning gaps between these nine building blocks is the real value of the Business Model Canvas. A Business Model Canvas lets you put your entire business down on paper and assess your strategy, planning gaps and risk exposure.

3.1.2 DESIGN OF BUSINESS MODEL CANVAS



Source: <https://creately.com/blog/diagrams/business-model-canvas-explained/>

Key Partners

Who are the buyers and suppliers you need to form relationships with? What other alliances will help you accomplish core business activities and fulfil your customer value proposition?

Key Activities

What are the most important activities you must engage in to fulfil your value proposition, secure distribution channels, create and strengthen customer relationships, optimise revenue streams, and more?

Key Resources

What resources do you need to create value for your customers and sustain your business?

Value Proposition

What core problem does your business solve? What benefits does your business deliver? And what products or services will you offer to meet the needs of your customers?

Customer Segments

Whom will your business serve? Will you serve a single customer type or multiple customer segments? Which customers are the most critical for your business' success?

Customer Relationships

What types of relationships will you forge with your customers? What are the relationship expectations from each customer segment?

Sales Channels

Through what means will you reach your targeted customers and deliver your products and services to them? Which will be the most cost-effective? How are your sales channels integrated?

Cost Structure

What are all the costs that you will incur while operating your business? There are two primary types of cost structures: value-driven and cost-driven. A part of this segment is determining which structure makes the most sense for your business and factoring that into your cost strategy.

Revenue Stream

How will you charge for our product or service? What are customers willing to spend? How much will each revenue stream contribute to your overall annual revenue?

Example of good practice:

- Examples of BMC.

Exercise/ Assessment of the Unit:

A questionnaire with multiple choice answers (answers will be available) regarding the content of each part of the BMC; after completing it, the participant must identify at least 70% of the correct content.

SOURCES/LITERATURE OF THE UNIT:

[1] Ruzzier, M., Antončič, B., Bratkovič, T., Hisrich, R.D., (2008): Podjetništvo. Koper: Društvo za akademske in aplikativne raziskave. Str. 10-285.

[2] Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., Value Proposition Design. Dostopno na/available at: <https://assets.strategyzer.com/assets/resources/value-proposition-design-book-preview-2014.pdf>. Str. 15-38.

[3] Goljar, M., (2012): Poslovno modeliranje. Ustvarjalnik. Ljubljana.

[4] Maurya. A. (2014): Delaj vitko: Od načrta A do načrta, ki deluje. Pasadena, Ljubljana. www.delajvitko.si.

[5] Barringer B. R., Ireland R. D., (2016) »Entrepreneurship, Successfully Launching New Ventures«; Prentice Hall - Bergant, A.

[6] Sergiy Korolov (2022), “Business Model Canvas Explained - a One-Page Business Plan”;
https://railsware.com/blog/business-model-canvas/#How_to_get_started_with_the_business_model_canvas.



MODULE TITLE: MARKET RESEARCH

Module number: 4

Module author: Euphoria Net srl - Erika Nemes

Module description:

The market research definition refers to gathering market and consumer data from a business to make informed decisions about launching its new products and services. Evaluating how the company's products or services will perform after the launch is necessary. The steps involved in conducting research include - defining the problem, deciding the approach, preparing a research design, collecting and analysing data, and drafting a research report for presentation. Two types of marketing research are primary research (exploratory and specific) and secondary research through online, public, and commercial resources.

Learning objectives / outcomes of the Module:

- Learn what market research is.
- Understand the objectives of market research.
- Learn the steps of market research.
- Explore the tools you can use for doing market research.

UNIT 4.1: WHAT IS MARKET RESEARCH AND ITS OBJECTIVES?

Content:

Market research is a business strategy where an organisation analyses the market trends, the competition, and consumer preferences before launching new products or services. It involves collecting and interpreting data during product development or marketing development to help businesses make informed decisions.

Market research is one of the first steps to take when you have a business idea and want to launch your own company.

During the market research, you must analyse internal and external factors that influence or could potentially influence your company and its positioning in the market.

This activity is necessary to understand better the context in which an organisation operates by studying each actor present within it. In this way, it is possible to identify and analyse the consumers' behaviour and decision-making processes to offer a service that meets their expectations.

As a result, the effects of this research may change the various business areas of the company:

- **Marketing:** to define the most appropriate communication strategy.
- **Product development:** to modify the characteristics and functions of a product already on the market or if the company wants to launch a new one.
- **Customer service:** to try optimising the after-sales experience of users.

The main **objective of market research** is to collect information on the elements that influence the company's performance. These can be:

- Identify industry trends.
- Discover the places where customers inquire before making a purchase.
- Know the price trend of the competition.
- Identify market opportunity evidence (Market Opportunity Evidence is a collection of data that supports your start-up's ability to operate in a large, high-value and growing market).
- Set a selling price.

By regularly doing market research, you (your company) will be more aware of the company's dynamics which are necessary to build a competitive advantage.

The analysis and reprocessing of the collected information allow your company (or start-up) to apply customer-focused strategies.

Customer-focused strategies have the goal of solving the customers' needs while maximizing their satisfaction. To do this, companies must put themselves in their customers' shoes by looking at products, services and the entire organization from the customers' point of view.

Be aware that this information's quality and quantity depend on the sample size analysed.

The larger and more heterogeneous the research sample, the more information will be produced.

On the other hand, conducting excessively extensive market research will increase the costs and execution times of the entire operation, so pay particular attention to this aspect.

Example of good practice:

- [Airbnb-Success-Story.pdf \(similarweb.com\)](#)

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.
- Fill in the blanks.

SOURCES/LITERATURE OF THE UNIT:

[1] Wall Street Mojo Team. (2023). Retrieved from [Market Research - Definition, Process, Types, Examples \(wallstreetmojo.com\)](#).

[2] Liz M. (10/06/2022). 9 Highly Successful Market Research Examples. Retrieved from [Examples Of Successful Market Research | Similarweb](#).

UNIT 4.2: HOW TO DO MARKET RESEARCH?

Content 1 - 6:

Market research is a multidisciplinary analysis that requires large use of resources and can be carried out differently. In general, you could follow these 3 steps, adapting them to the specific needs of your research:

- Define the objectives of your market research.

Try to **apply the S.M.A.R.T.** The acronym indicates the criteria with which you will define the research objectives; they must therefore be specific, measurable, achievable, relevant and temporally defined.

- Identify the group of people.

Define key characteristics of your research sample, such as age, interests, income range, education level, and so on. In doing so, use the **buyer personas**, a model companies use to represent their ideal customer.

- Process the data you collected.

Once you have concluded the research, you need to analyse the data to identify cause-effect relationships to make strategic decisions. Based on the nature of the data sought, you can do two types of market research: qualitative and quantitative.

It is important to know the difference because one type of research works on statistical data, while the other analyses more emotional and psychological components.

Choosing the correct methodology could determine the effectiveness and usefulness of your market research.

Let's see them better in the next unit.

Example of good practice:

Carol distributed her handmade soaps to friends and relatives to get feedback and decide whether to sell her products. She received a tremendous response from them but decided to do a little more research. She ran a poll on her social media accounts to check how many people would prefer handmade soap. Simultaneously, she read reviews for similar products on e-commerce websites. It helped her understand what customers wanted. After the marketing research, she found that people seemed satisfied with handmade soaps, but only if the packaging is eco-friendly. Hence, Carol opted to focus on packaging design while considering market viability and consumer behaviour.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.
- Fill in the blanks.

SOURCES/LITERATURE OF THE UNIT:

[1] Wall Street Mojo Team. (2022). Retrieved from [Market Research - Definition, Process, Types, Examples \(wallstreetmojo.com\)](https://www.wallstreetmojo.com/market-research-definition-process-types-examples/).

[2] Qualtrics. (2022). Your ultimate guide to market research and how to conduct it like a pro. Retrieved from [Ultimate Guide to Market Research & How to Do It in 2023 \(qualtrics.com\)](https://www.qualtrics.com/ultimate-guide-to-market-research-how-to-do-it-in-2023/).

UNIT 4.3: QUALITATIVE AND QUANTITATIVE MARKET RESEARCH

Content 1 - 6:

There are two major types of data you can collect in market research. Both can be valuable for different purposes.

- **Qualitative** (or exploratory) market research is an unstructured analysis describing a phenomenon. It is more about people and their opinions about your business. They are conducted by asking open questions or by carrying out validation interviews with a sample customer. In this case, important results are obtained, especially regarding the customers' needs, fears and expectations. It is particularly useful if you are developing a new product, service, website, or ad campaign and want to get feedback before committing a large budget to it. Some typical questions include:
 - What do you think of this new company logo?
 - What would you do to improve this new service to make it more appealing to you?
 - Why do you think this product is better than competitive products?
 - How would you characterize this website design? How friendly and easily navigable is it?
- **Quantitative** (or descriptive) market research, on the other hand, provides a statistical representation of reality. It's all about mathematics, and it gives important statistics about your business and market. The data collected objectively describes the behaviour shown by consumers. This data is statistically valid, so you can use its findings to predict where your business is headed. However, the reasons that caused them, remain the competence of qualitative market research. For example, quantitative research is useful for answering questions such as:
 - Is there a market for your products and services?
 - How many people are interested in buying your product or service?
 - What type of people are your best customers?
 - What are their buying habits?
 - How long are visitors staying on your website, and from which page are they exiting?

Generally, companies conduct mixed searches on the analysed samples for more complete information. Furthermore, the type of research you choose to adopt also depends on the objective of the research.

Example of good practice:

Not applicable in this unit.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.
- Fill in the blank.

SOURCES/LITERATURE OF THE UNIT:

[1] Qualtrics (2022). Ultimate Guide to Market Research & How to do it in 2023. Retrieved from [Ultimate Guide to Market Research & How to Do It in 2023 \(qualtrics.com\)](https://www.qualtrics.com/ultimate-guide-to-market-research/).

UNIT 4.4: TYPES OF MARKET RESEARCH AND ONLINE TOOLS TO DO IT

Content 1 - 6:

There are two kinds of market research methods: primary and secondary.

Primary research is research that you collect yourself. This is raw data collected through, for example, surveys, focus groups, data analysis, observation and interviews etc.

This type of research has two advantages. Thanks to today's new technologies, you can access simple, easy-to-use tools to help start the research and handle big volumes of data. Secondly, you obtain fresh and unused data that gives you a current perspective and maybe extra confidence when confirming hypotheses, you already had. It can also be very targeted to your exact needs. Primary information can be extremely valuable.

Some of the many different data collection methods that you can use are, for example:

- Surveys.
- Interviews.
- Focus groups.
- Observations.

In **Secondary research**, you use data that has already been collected, analysed and published (and therefore, you do not own this data). It can also be used to support the use of primary research. This type of research can be very good for small businesses and start-ups like yours because it is sometimes easier to obtain, often through research companies, and it is a cheaper alternative for businesses with lower budgets.

Secondary market research sources can be, for example:

- Public sources like census data by governments and chambers of commerce.
- Commercial sources: You can buy from companies specialised in market research that can provide you with industry-specific reports.
- Also, internal sources with data already existing somewhere within your organisation might give you unique findings free of charge.
- Both primary and secondary research has its advantages, but they are best used when paired together, giving you the confidence to take decisions knowing that your hypothesis is robust.

Many tools can facilitate and speed up your market research on the internet.

- **Google:** the largest search engine in the world can give you information about customers' interests and needs.
- **Google Alert:** allows you to monitor the presence of one or more keywords such as brand names, products or services on the web.
- **Google Trends:** to keep an eye on the trendiest searches of users based on their location.
- **Crunchbase:** a platform that provides competitive data and includes both early-stage start-ups and large companies.
- **Facebook insight:** a tool for obtaining demographic information about audiences on Facebook and Instagram.
- **National Statistical Institutes** also provide a large amount of data relating to various sectors, generally free of charge in most countries.
- **Sem rush:** one of the most complete tools for online marketing analysis.
- **Statista:** a tool that provides data on consumer goods.
- **Similarweb:** a tool that allows you to analyse the traffic on your competitors' websites.
- **Social networks:** always watch the social networks in which your competitors are present. These can give you useful information on their marketing strategy.

Example of good practice:

- This small brainstorming exercise gives you an understanding of how to do market research.

Let's see how to do market research for a company dealing with vegetarian and vegan food that wants to improve its position in the market and increase sales.

A problem could be identifying the right selling point where consumers are interested in this type of product.

The primary research could follow these steps, for example:

Organise group discussions with the target consumers, who already consume the product, and with others who usually do not buy it. The goal is to understand the reasons behind the decision to consume or not vegan or vegetarian food and whether users know other similar brands, also trying to understand what they think.

Another idea could be to carry out individual interviews with customers exiting a shop that sells food and in supermarkets. The company could set up strategic points in the various geographical areas it is interested in. This could help to quantify the information obtained during the previous phase.

Conduct product taste tests on people who consume similar products or products from other brands.

All the data received are collected and analysed, moving on to the conclusion phase. Based on the consumers' opinions, the company could decide to change the taste of the product's taste, the price, the points of sale, or other factors that might negatively affect the sales. In this way, the company could increase sales and achieve greater business success.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.
- Fill in the blank.

Sources/literature of the Unit:

[1] Startup Geeks. (2023). Ricerca di mercato. Cos'è, quanto costa e come farla. Retrieved from [Ricerca di mercato: cos'è, quanto costa e come farla - Startup Geeks](#).

[2] Qualtrics (2022). Ultimate Guide to Market Research & How to do it in 2023. Retrieved from [Ultimate Guide to Market Research & How to Do It in 2023 \(qualtrics.com\)](#).

[3] Statista (2023). Retrieved from [Statista - The Statistics Portal for Market Data, Market Research and Market Studies](#).

[4] Semrush. (2023). Retrieved from [Semrush - Online Marketing Can Be Easy](#).

[5] Google Trends. (2023).

[6] Google Alerts - Monitor the web for interesting new content. (2023). Retrieved from [Google Alerts - Monitor the Web for interesting new content](#).

[7] Crunchbase- (2023). Retrieved from [Crunchbase: Discover innovative companies and the people behind them](#).

[8] Similarweb. (2023). Retrieved from [Marketing Intelligence & Competitive Analysis Tools | Similarweb](#).



MODULE TITLE: MARKETING

Module number: 5

Module author: Euphoria Net srl - Erika Nemes

Module description:

Internet and smartphones transformed the way people communicate and the way they get information. Although digital marketing is rising, traditional marketing strategies are still powerful. Therefore, it is essential to understand the basics of conventional marketing strategies so you can create an integrated marketing strategy that uses the most effective techniques and tools for your business. Marketing helps generate income for your business. No matter how awesome you think your product or service may be, you still need to inform people about it and influence their thought process.

Marketing is not a tool available only to big companies who can afford huge marketing investments; you have to consider marketing a practice you must implement in your business to ensure that the relationship with your customers exists, is profitable, and lasting.

Learning objectives / outcomes of the Module:

- Learn what marketing is.
- Know how marketing evolved in time.
- Understand Eco-friendly marketing.

UNIT 5.1: WHAT IS MARKETING?

Content:

Marketing is the science and art of exploring, creating and providing value to meet the needs of a profitable target market. It is a series of strategies and techniques that have the main objective of adding value to certain brands or products to attribute greater importance to a certain target audience. Marketing is managing profitable customer relationships: **attract new customers & retain and grow current customers.**

In the original definition, Marketing is concerned with identifying and satisfying human needs and the companies created specific approaches of how to attract their buyers and increase their sales.

The **4P concept**, the **Marketing Mix**, refers to the set of actions, or tactics, that a company uses to promote its brand or product in the **market**.

- **Product:** what will be made; what will be sold.
- **Price:** how much to charge to costumers.
- **Promotion:** how to sell products; how to tell people what is on offer.

- **Place:** how to get the product to the people.



The marketing strategy defines the target markets, optimizes the value proposition and is based on an accurate analysis of the market opportunities. Some marketing campaigns are total failures and other are a big success.

The best brands that have made history have focused on traditional marketing strategies and nowadays on digital ones.

Example of good practice:

- Starbucks

The well-known street coffee giant focused on inclusiveness, collaborating with Mermaids (an organization to support young transgender people). In the familiar-sounding #whatsyourname campaign, Starbucks used traditional advertising methods. The hashtag is featured in the TV commercial: a winning element for getting online as well. The Starbucks campaign has become famous for the strong emotional impact on the user and the powerful immense emotions transmitted.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.

- Fill in the blank.

SOURCES/LITERATURE OF THE UNIT:

- [1] C.Maggio. (14/05/2022). Strategie di marketing: le migliori campagne a cui ispirarti. Trend Online. Retrieved from Strategie di marketing: le migliori campagne a cui ispirarti (trend-online.com).
- [2] P. Kotler, G.Armstrong. (2009). Principi di Marketing. Pearson. ISBN-10: 8871925572.
- [3] P. Kotler (1999). Il marketing secondo Kotler. Milano Il sole 24 Ore. ISBN 88-7187-974-0.
- [4] P. Kotler (1980). Principles of Marketing, Prentice-Hall.

UNIT 5.2: EVOLUTION OF MARKETING

Content 1 - 6:

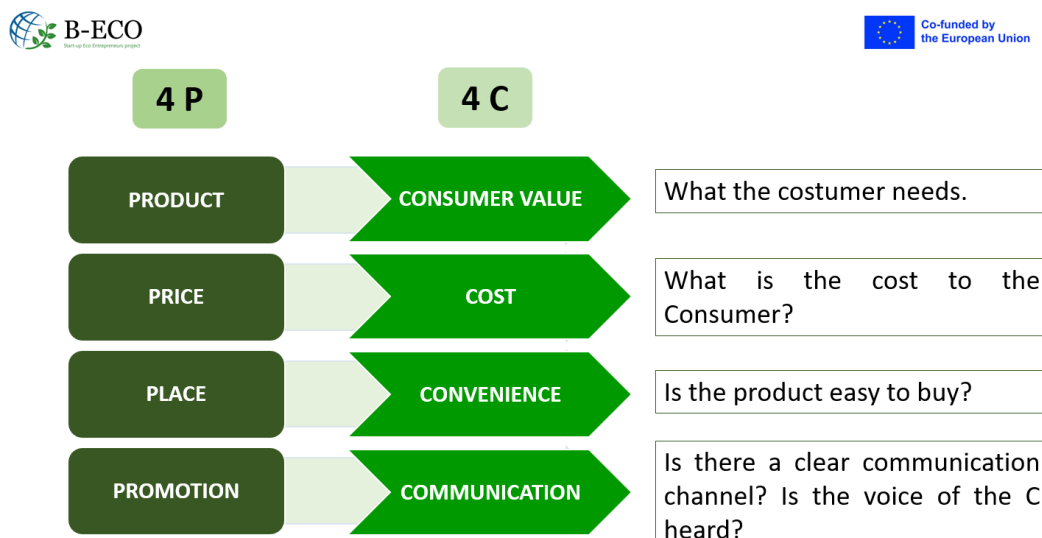
In the original Marketing Mix, the focus is on the company's perspective.

In the new concept, the focus moves to the needs of the Costumers:

- Customer value, Cost, Convenience, Communication.

The product is "enlarged".

It is identified not only as the typical product but also as a set of advantages, or values, that the company is able to ensure to the customer.



Marketing 3.0 and the Social Media.

Changes in society, new macroeconomic systems, new entrepreneurial strategies and techniques need a new concept of Marketing.

It is a new emotional approach that aims to reach the client's soul by leveraging on human values. The new generation of consumers is increasingly sensible to social problems so a "third phase" (from which 3.0 comes) has started where the cornerstone of the strategy is the propensity to social/personal aspect.

Example of good practice:

- IKEA - Short description and Ikea video on YouTube.

Even though Ikea has widely popular brick-and-mortar stores, it is only a part of their marketing endeavours. When it comes to other areas, Ikea prints over 200 million copies of its catalogue each year. Moreover, the brand continues to expand its marketing channels by introducing new, innovative strategies.

Ikea content marketers are aware that furniture may not be the most engaging topic. Thus, they are taking advantage of technology trends that help them reach their audience and attract their attention.

Ikea perfectly understands the world we live in and therefore, the needs of its customers. Being aware that living in large cities is associated with high housing costs, Ikea launched the "Square Meter Challenge." The initiative consists of a series of YouTube video content as well as blog posts. They show how to organize even the smallest space to achieve the greatest possible functionality. IKEA Place is a free app that uses Apple's ARKit augmented reality technology.

Exercises/Assessment of the Unit:

- Quiz - Multiple choice questions and open-ended questions. Pass level: 70%.

SOURCES/LITERATURE OF THE UNIT:

[1] F. Vallone. (15/03/2021). 5 Inspiring Marketing Success Stories That'll Change Your Brand. Gamer Seo. Retrieved from 5 Inspiring Marketing Success Stories That will Change Your Brand - GamerSEO - Video game marketing agency.

[2] S. Hollensen, P. Kotler, M. Oliver Opresnik. (2017). Social Media Marketing: A Practitioner's Guide, Amazon Direct Publishing.

UNIT 5.3: WHY DO YOU NEED MARKETING?

Content 1 - 6:

WHY DO YOU NEED Marketing In your organization?

- Generate more sales.
- Develop customer loyalty.
- Increase the visibility of brands, products, services.

- Manage a brand.
- Build good relationship with customers and partners.
- Form the market.
- Engage employees.

A marketing strategy deals with the process that allows a company to optimize activities aimed at increasing sales and obtaining an advantage in terms of opportunities. Strategic marketing planning involves an analysis and a formula for achieving goals and achieving results.

Traditional or innovative, it allows you to have a competitive position with respect to your competitors. The marketing strategy has a strategic role within any business objective!

To make marketing working, you need a strategy summarize in 4 actions.

1. Set clear goals: As there are many possible goals and several ways to reach each one. Choose what you intend to achieve with marketing! It is the first step to a successful strategy! Use the SMART system! When you use this system to define your goals, you define much better goals that in turn, inspire a much better marketing campaign. Specific - Measurable - Attainable - Realistic -Timely
2. Communicate constantly: There are many processes and structures involved in this work. Good communication ensures that all professionals do their best at every moment.
3. Follow good practices: Take inspiration from other ideas and experiences. Maybe they could be very close to your business position.
4. Analyse results: Track the results of the work being done. For example, it is possible to know how many new customers the company got, how much profit it brought, etc. Then just compare this to the defined goals and see if the business is on the right track or not.

Traditional marketing is being replaced by digital marketing, which uses online channels such as social media, email, and search engines to reach customers. Digital marketing is more effective and less expensive than traditional marketing, and it can be tracked more easily to see how well it's working.

However, traditional marketing is still essential and will likely continue to be so for the foreseeable future. Here are some reasons why:

- It is an efficient way to reach a larger number of people quickly and at a relatively low cost.
- Traditional marketing is still very effective at building brand awareness and generating leads.
- It can help you create a sense of urgency and encourage people to buy your product or service now rather than later.
- Traditional marketing can help you establish yourself as an authority in your field, ultimately leading to more sales.

Although digital marketing is rising, traditional marketing strategies are still powerful. Therefore, it is essential to understand the basics of conventional marketing strategies so you can create an integrated marketing strategy that uses the most effective techniques for your business.

Example of good practice:

- Google

Google is a technology-driven company. Google uses direct mail as a marketing strategy tool often to advertise various new services or offers extensively for businesses. Direct mail usually contains Google AdWords coupons or helpful information about the usage of Google in advertising companies.

Furthermore, Google is well-known for direct mail campaigns to reach clients or customers already existing customers. In this way, Google can improve the ratio of lead conversations and improve customer satisfaction by providing relevant goods and services. To track the effectiveness of these ads, Google incorporates a unique ID code on every advertisement to assess the success rate and keep an eye on the customer's activities.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions.
- Open-ended questions.
- Drag and drop exercises.
- Fill in the blank.

SOURCES/LITERATURE OF THE UNIT:

[1] P. Kotler, G. Armstrong (2009). Principi di Marketing. Pearson. ISBN-10: 8871925572.

[2] P. Kotler (1999). Il marketing secondo Kotler. Milano Il sole 24 Ore. ISBN 88-7187-974-0.

UNIT 5.4: ECO-FRIENDLY MARKETING

Content 1 - 6:

Sustainable marketing is the promotion of socially responsible products, services, and practices. While eco-friendly brands naturally work on sustainable marketing campaigns, brands that are not rooted in sustainability can still apply its principles to their strategy. Its goal is to promote a mission, not a product or service.

Green Marketing (Eco-friendly marketing) vs. Sustainable Marketing

While both terms are often used interchangeably, there is a difference between green marketing and sustainability marketing.

Green Marketing (Eco-friendly marketing) focuses on strategies that promote environmental awareness and protection: using earth-friendly practices and materials when producing, promoting and packaging goods and services. It encourages companies to use eco-friendly business practices and establish relationships with vendors who are environmentally responsible and use earth-friendly products.

Sustainable marketing, on the other hand, is a little broader. It encompasses green marketing, but it also includes practices that go beyond the environment, like social and economic issues, and it's about continuity as well. Companies that use sustainable marketing value behaviours and practices that make for an inhabitable planet that preserves resources for future generations. Sustainable products meet the needs of this generation as well as the next. Sustainable marketing applies the concept of sustainability to your brand's products, image, and strategy.

Example of good practice:

- Lacoste

What was the main idea behind the campaign?

There are many endangered animals in the world. Lacoste wanted to give them some extra attention.

Launched during Paris Fashion Week in 2018, the first Lacoste X IUCN Save Our Species (International Union for Conservation of Nature) campaign consisted of creating 10 limited edition designs of polo shirts, where its iconic crocodile logo left its historic spot to make way for 10 of the most Critically Endangered species in the world. The objective was to raise awareness and much needed funds. The number of polo-shirts per design available corresponded to the number of known remaining individuals left in the wild for each species.

Using an integrated media campaign featuring social media influencers, **the limited-edition polo-shirts sold out within 24 hours!** The campaign went viral on social media and quickly jumped into mainstream press, resulting in worldwide television coverage in a matter of days.



Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions
- Open-ended questions.
- Drag and drop exercises
- Fill in the blank

SOURCES/LITERATURE OF THE UNIT:

[1] M. Bretous. (12/08/2022). Sustainable Marketing: Key Principles & How to Leverage It [+Examples]. Hubspot. Retrieved from Sustainable Marketing: Key Principles & How to Leverage It [+Examples] (hubspot.com).

[2] Lacoste Lacoste x IUCN SOS (2022). Retrieved from [Lacoste x IUCN SOS - IUCN SOS](#).



MODULE TITLE: SOCIAL MEDIA

Module number: 6

Module author: LOVILA - Konstantina Razgkeli

Module description:

This Module aims to teach the learner the impact of social media use by start-ups on their entrepreneurial orientation and opportunities and how to take advantage of this trend. This Module will introduce the learner the basic concepts of social media platforms in such a way that, by understanding them, he/she will be able to increase the engagement of the business.

Learning objectives / outcomes of the Module:

- Key concepts of social platforms
- Understand the connection of eco in social media
- How to use social media in business
- How to engage an audience
- How to develop a social media strategy

UNIT 6.1: SOCIAL MEDIA PLATFORMS

Content:

- 6.1.1 The importance of social media
- 6.1.2 Introduction to social media Platforms
- 6.1.3 Social media and eco

6.1.1 THE IMPORTANCE OF SOCIAL MEDIA

Social networking is becoming increasingly significant in business.as more people sign up for and regularly/effectively use social media platforms. The social media sector will undoubtedly expand during the next few years. Like never before, it's booming. Yes, the social media craze is still going strong. And if you want your firm to survive, you should take advantage of it. Due to this phenomenal growth, every business today needs to utilize the greatest social media platforms. Because their target audience frequents the well-known social networks, not because it's the "in thing" or because it seems easy. Additionally, people interact with and relate to their favourite brands on various levels.by adding a social media element to your company's brand. Along with increasing revenue, you also improve relationships with and provide for your clients. Your internet marketing is made simpler by it.

6.1.2 INTRODUCTION TO SOCIAL MEDIA PLATFORMS

Although there is a large range of social platforms, 5 are the most important and well-known in the world. Each one has a different use for businesses and organizations:

1. **LinkedIn** - is a platform for creating and developing business contacts. Due to its focus on professional networking, it is a wonderful tool for communication between partners, building relationships between partners, sharing news and recruitment.
2. **Twitter** - It offers its users the possibility to send and read so-called postings, known as tweets, on a public platform. What differentiates it from other social networking platforms is that it is conversational due to the fast-paced, real-time dimension of its users' timelines. She also introduced the tags, which help in the extraction of information.
3. **Facebook** - is the largest social networking site; its aim is to enable its users to communicate with people living, working, and studying around the world as well as with non-humans around the world. Facebook allows businesses and institutions to interact and develop in relation to their common goal.
4. **Instagram** - Instagram was a visual platform where one could share moments through photos and videos. It is owned and operated by Facebook and is cooperating although compared to Facebook it has a younger community.
5. **YouTube** - is a video sharing site. It's quite useful for businesses that post product demonstrations, corporate videos, and tips on performing.

6.1.3 SOCIAL MEDIA AND ECO

How is social media accelerating Eco-business?

Online social networking has become a paperless portal for the green business community. Sites like LinkedIn and Twitter connect millions of people and are gaining popularity as business communications tools. Staying connected is easier for people and businesses because of rise of blogging and a consistent stream of relevant information. People are exchanging knowledge, concepts, and data on eco-friendly business methods, particularly in the "**sustainability community**". Bringing together small- and large-scale ideas is helping to build a growing sustainable online community and making it easier for beginners to comprehend green practices.

A wide range of eco-businesses have found markets thanks to Twitter. Businesses that target the green market can reach a wider audience thanks to followers' quick comments.

A sustainable brand can be developed by actively participating in the online community, but this requires being realistic. The social media community doesn't do notople that **aggressively "sell"** on social media.

Social networking sites are tools that help shape the public image of your green company. A company can build client trust by investing time and effort into developing virtual social capital. Businesses that are "**greening**" their operations can use technologies like blogging to inform the public about their progress. Businesses interested in online social networking can exchange ideas and support the green movement as sustainable practices expand.

Ideas to promote your eco business through social media:

- Make your **presence known**. Put a link to your Facebook, LinkedIn, and Twitter pages at the bottom of emails, presentations, or adverts to invite people to track your progress. Use your company's emblem as your profile image.
- Find a **point of focus**. Offer regular updates on your location, activities attended, and business success to specific groups that match your business focus, such as "green" or "sustainable office items." Post exciting articles to encourage more people to visit your profile.
- **Be consistent**. Keep up with your pace as your page develops into a reliable source of information for others. You cannot disappear for days and then expect others to remember why you were important.
- Follow **your development**. Many websites allow you to check your reach or the number of individuals who have seen the content from your business. Your name becomes more well-known the more posts you make. The more clicks you receive; the more users will see your company name. Install Google Analytics scripts on your website to keep track of who requests quotes or information from you.

Eco-businesses are emerging in all directions. Customers want to transact with companies with whom they have a personal connection and who are genuine. Social media allows the company to be more personable and build relations with customers than mass media ever could. Take initiative right away and start creating your own community.

Example of good practice:

- *TOMS Campaign: "ONE DAY WITHOUT SHOES"*

TOMS created an annual "One Day Without Shoes campaign", encouraging customers to go barefoot to promote "global awareness for children's health and education". For the campaign, they dedicated a page on their website, hosted Instagram meetups and a Pinterest board to share photos. TOMS.com traffic increased by 300% on that day. The success of this campaign reflects the great brand idea with excellent execution. The ad successfully raised awareness of shoe "shoes crisis" and TOMS' business reputation.

Exercises of the Unit:

- Exercise 1: After understanding the use of each social platform, it is time to create the right social media accounts for your company. Remember every platform has a different function and target in businesses and organizations.
- Exercise 2: How can you help your business become greener? Apply the ideas/tips to promote your eco-business on social media.

Assessment of the Unit:

Drag and drop:

LinkedIn-developing business contacts

Instagram-Share moments through photos

YouTube- Video sharing

Twitter- Use hashtags

SOURCES/LITERATURE OF THE UNIT:

[1] Survis, G. (2009, July 30). How Social Media is Accelerating Eco-Business [web log]. Retrieved from <https://www.corpmagazine.com/interest/sustainability/how-social-media-is-accelerating-eco-business/>.

UNIT 6.2: SOCIAL MEDIA PLATFORMS IN BUSINESS

Content:

- 6.2.1 Why use social media in Business?
- 6.2.2 First steps with social media in business.
- 6.2.3 Steps to develop a social business media strategy.

6.2.1 WHY USE SOCIAL MEDIA IN BUSINESS?

Social media allow you to reach an extremely broad, but also targeted audience, to maximize the impact of your goals. Therefore, social networking platforms can be used both for communication and dissemination.

Customer interaction - A main advantage of social media is that it makes it easy and affordable for small and micro enterprises to communicate with their clients. Most traditional types of advertising involve one-way dialogue. Your clients might tag you and leave comments on your posts, making communication with consumers simpler.

Business growth - Through posts, you can increase the amount of traffic to your website, by advertising the product pages on social media networks. Social media platforms offer a quick and low-cost alternative to traditional marketing initiatives for attracting shareholders.

Building Brand image - With regular participation through postings, a company may build trust and develop personal connections with its customers. Remembering that individuals use social media to

communicate with friends and family, share experiences, and express their opinions, a business should go above and beyond simple advertising.

Creating content and trends - You can create material related to your business and publish information that reflects the values of your brand. By producing original material social media also enables anyone to go viral.

Conversions - Social media marketing helps to remove the word 'potential' from customers. The best part of them is that you may market your social media account or post for very little money.

6.2.2 FIRST STEPS WITH SOCIAL MEDIA IN BUSINESS

Using the social media today is a standard procedure, but first you must understand how they work. In addition, you must define the **common target** you want to reach through social media, such as business buyers, young people, promoters. Based on this, you can decide what message you want to stamp and how. You must attach the message to the common target. Instead of just publishing, think about what information your reader might be looking for.

To avoid confusing your audience it is vital to **align all your communication channels**. To link all your project's social media accounts to the project's website, as well as to name them consistently, you need to be consistent. Link your social media accounts to your website to increase your search engine rankings.

6.2.3 STEPS TO DEVELOP A SOCIAL BUSINESS MEDIA STRATEGY

There are some basic principles that should be used in all social networking channels. As you focus on developing your social media strategy, keep the following "steps" in mind.

Determine business objectives - What are your BIG goals? What benefits will you offer to your staff, clients, partners, and shareholders?

Know your audience - Do you understand your audience? Who is the perfect client for you? Create personas and get inside their heads, figure out what it is they need from you.

Map your journey - How will you evaluate the outcomes? Be prepared that planning, empowering, will require time.

Establish executive support - You want to win the executives' hearts, minds, and corporate wallets.

Develop your roadmap inclusive of strategic and tactics - You must put in a lot of effort to get rid of silos. There are two main reasons that business fail; they are unprepared and impatient. You must make sure that your teams are collaborating to achieve a common purpose.

Governance and guidelines - How will you reduce risk? Consider establishing a center of excellence to prioritize projects, assign roles, empower staff, track performance.

Secure resources and funding - What resources are required to reach your objectives? Consider endurance, agility, and efficiency throughout this phase.

Invest in technology - It's not about "getting on Facebook". Emphasis should be placed on people and developing relationships with them. Your technological investments must be in line with your objectives. Before choosing the technology, you must first specify what you wish to measure. It won't matter if it's Facebook or LinkedIn.

Example of good practice:

- Sony's PlayStation

Sony's PlayStation is the most followed brand on Twitter with 18.7m followers. The followers of the PlayStation's increased by 376% in the past five years. Its constant publication of a variety of information to engage followers, such as new game trailers, gaming footage and streaming events. The covid campaign with the hashtag #PlayAtHome encouraged users to stay at home by downloading games for free, has created positivity on Twitter.

Exercises:

- After reading and understanding how to develop a social media strategy its time to develop your own. Carefully follow the steps described above to achieve it.

Assessment of the Unit:

Which statement regarding using social media in business is wrong?

You don't have to be actively present in social media-False

You have to communicate and interact with your costumers-True

You can increase your website traffic by posting and creating content-True

SOURCES/LITERATURE OF THE UNIT:

[1] Gilliland, N. (2020, June 25). 30 brands with excellent social media strategies [web log]. Retrieve February 20, 2023, from 30 brands with excellent social media strategies (econsultancy.com).

UNIT 6.3: NETWORKING

Content:

- 6.3.1 What is Business Networking?
- 6.3.2 How does Business Networking work?
- 6.3.3 What are the benefits of Business Networking?
- 6.3.4 Types of Business Networking

6.3.1 WHAT IS BUSINESS NETWORKING?

Meeting other business owners, possible suppliers, or other people with business experience is referred to as "business networking" and can help you expand your company. Through networking, you can access a variety of experts—from clients to competitors—and present them with an offer in exchange for their expertise, contacts, or services.

More than just potential customers or referrals might come your way when you build relationships as a business owner and help others. Networking assists you in identifying opportunities for partnerships, joint ventures, or new areas of expansion for your business.

6.3.2 HOW DOES BUSINESS NETWORKING WORK?

As you seek to expand your firm, networking events like local business luncheons give you the chance to meet people who are facing similar challenges. These gatherings are typically organized to introduce fresh ideas and approaches while giving nearby businesspeople a chance to network and share ideas.

Exchange business cards when you first meet someone, and then follow up later to discuss any points or subjects you may have discussed. You might be able to bring up your problems after a few talks. You could be able to start trading information, seeking knowledge, or business relationships if they start conversations first.

Most businesspeople are optimistic and positive. Regular association with such people can be a great morale boost, particularly in the difficult early phases of a new business. You'll find that many, if not all, business owners have experienced similar trials of ownership.

You should not only attend the meetings of your networking group regularly but go prepared to offer something of value to the group.

6.3.3 WHAT ARE THE BENEFITS OF BUSINESS NETWORKING?

By engaging in business networking, you might be able to raise awareness of or stay current on the newest trends or technologies in your sector. A network can also connect you with mentors or contacts in the field who could be able to aid you with issues you might need assistance with.

You might use your network to locate the best candidate if your company needs the services of a bookkeeper, accountant, or lawyer, for instance. You might be able to locate an angel investor or venture capitalist through networking methods if your company needs equity finance.

Using the perspectives and expertise of others, networking is the best way to increase your knowledge. For instance, if you are thinking of exporting your products or services, you may be able to get some valuable advice from someone else who has done similar business internationally.

6.3.4 TYPES OF BUSINESS NETWORKING

As you attend events, look for indicators that someone might be able to benefit your business, where you have something to offer as well. This could simply be conversations about your industry's market conditions as well as the trends each of you may have noticed within your industry. You can work together to develop an understanding of the market you both operate in.

Business Seminars

Look for and attend some business seminars—cultivate new working relationships with your new peers and business associates, then communicate on a regular basis to help you all stay current.

Networking Groups

The most effective business networking organizations function as forums for the sharing of advice, ideas, and resources. There are many groups online that offer networking services and communities—LinkedIn is an example of a large networking group or site that can bring professionals together.

Professional Associations

There are groups made up of like-minded people who operate in related sectors and businesses. These groups could charge admission fees or have additional restrictions for membership, but they can be quite helpful for small business owners trying to grow their network. The American Management Association and the American Marketing Association are two examples of industry-specific associations.

Exercises:

Measure your social media engagement by a range of metrics such as:

- Shares or retweets
- Comments
- Likes
- Followers and audience growth
- Mentions
- Using Branded hashtags

Assessment of the Unit:

- Drag and drop the words to one or both columns.
- Columns: Instagram and LinkedIn
- Words for Instagram: stories, save to bookmark, Facebook, B2C marketing
- Words for LinkedIn: Microsoft, B2B marketing, post job opportunities
- Both: Likes, DMs, mentions, follow

SOURCES/LITERATURE OF THE UNIT:

[1] Ward, S. (2021, January 17). What is business Networking [web log]. Retrieved February 20, 2023, from Business Networking: What Is It? (liveabout.com).

UNIT 6.4: MULTIMEDIA CONTENT SOCIAL NETWORKS AND HOW TO ENGAGE AN AUDIENCE

Content:

- 6.4.1 Multimedia content
- 6.4.2 Using Facebook content to engage an audience
- 6.4.3 Using Twitter content to engage an audience
- 6.4.4 Using Instagram content to engage audience
- 6.4.5 Using YouTube content to engage an audience

6.4.1 MULTIMEDIA CONTENT

Your conversion rates may be increased by using multimedia material, which may also alter how consumers engage with your social network pages. Multimedia material is an excellent technique to draw potential clients because it is challenging to compete for people's attention and because the human brain processes visual information far more quickly than it processes text information. This does not imply that you must spend excessively to produce top-notch multimedia content.

Video content

Video content is one of the easiest forms of multimedia to produce. However, quantity never rivals quality.

Animated video adds an element of whimsy to branded topics.

Live video is great for hosting live webinars and interviews that can be shared later.

Text video is ideal for tutorials or used over a soundtrack for social shares.

Infographic content

Infographics are one of the most shared contents on the internet.

Quizzes target our inner narcissism and curiosity.

Flowcharts are one of the easiest ways to turn a blog post into engaging multimedia content.

Maps tap into the visual learning style and tend to resemble art.

Timelines tap into complex subjects and simplify them in ways audiences can understand.

Images and Photographs

Images and visual representations are probably one of the oldest forms of media. Icons or small photographs and pictures enhance written documents and give them a unique edge and a powerful visual element.

6.4.2 USING FACEBOOK CONTENT TO ENGAGE AN AUDIENCE

- By **pinning** a particular post, you may use this function to make sure that any audience members who enter in your page can check out any information about your products or services that you want to be highlighted to them right away.
- Any **seasonal sales**, for instance, may be a legitimate article example that could be pinned so that visitors to the website wouldn't miss it.
- You can **list up any frequently asked questions**, produce a post on them, and pin it to the top so that the audience can educate themselves about your brand or business.
- If you deal with certain products, listing them down is another wonderful way to use **"Pin"** posts to draw attention to your offerings and prevent them from getting buried in the page's general congestion.

6.4.3 USING TWITTER CONTENT TO ENGAGE AN AUDIENCE

Twitter offers both organic social media marketing and paid social media marketing as two unique ways to market your company through content. After discussing how to define your strategy, we'll break out how to match content to each of them.

- Set up a **Twitter profile** that sets you up for success,
- Publish **actionable content** to add value,
- Optimize content through **hashtags**,
- **Listen to your audience** and talk to your customers,
- **Refine your content** to fit the platform,
- **Don't buy followers**, earn them.

6.4.4 USING INSTAGRAM CONTENT TO ENGAGE AN AUDIENCE

- Post Instagram Content That No One Else Can post,
- Encourage User-Generated Content on Instagram,
- Write Longer Instagram Captions,

- Ask Questions,
- Respond to Comments, Mentions, and DMs,
- Avoid Bots and Engagement Pods on Instagram,
- Bring Engaged Customers from Other Platforms.

Types of Instagram Engagement

Instagram engagement can take many forms, and each can work for different goals or tell you different things about your audience.

Here's a quick list:

- **Likes** are the most basic interaction. They're a positive sign of engagement but don't take much effort from your followers.
- **Comments** imply a higher level of engagement. They can also be a useful source of information and inspiration.
- **Shares via DM or Story** demonstrate that people have connected with your content and really want to respond. Make sure you have sharing enabled for all your posts.
- **Saves** are Instagram's answer to bookmarks. They're increasingly seen as the metric for high-quality engagement.
- **Follows** also show that your content is having an impact, helping to grow and sustain your audience over time.
- **Mentions** can work in two ways: Users can either tag you in their posts or tag their friends in your posts. Both indicate a high level of engagement.
- **Profile visits** are a valuable but oft-neglected metric. If someone sees your content and taps through to your profile, they're interested in learning more about your business.
- **Link clicks** are only available for some types of posts on Instagram but they're a very valuable interaction. Link clicks are the only type of conversion that moves followers off the social network to your website.

6.4.5 USING YOUTUBE CONTENT TO ENGAGE AN AUDIENCE

- Make Content, Not Ads,
- Push People to Your Website,
- Collaborate,
- Become The Face of Your Business.

Example of good practice:

- NETFLIX

NETFLIX is among the 20 brands with the highest social media engagement. Their online marketing strategy is one of the main factors contributing to their success. Their active presence on social media platforms and interaction with their audience is reflected in their 90.67% social media engagement rate. Their 27 million Instagram followers and 12 million Twitter followers are evidence of this.

Exercises:

Measure your social media engagement by a range of metrics such as:

- Shares or retweets
- Comments
- Likes
- Followers and audience growth
- Mentions
- Using Branded hashtags

Assessment of the Unit:

Drag and drop the words to one or both columns.

Columns: Instagram and LinkedIn

Words for Instagram: stories, save to bookmark, Facebook, B2C marketing

Words for LinkedIn: Microsoft, B2B marketing, post job opportunities

Both: Likes, DMs, mentions, follow

SOURCES/LITERATURE OF THE UNIT:

[1] Top 20 brands with the highest social media engagement-2021. (2021, July 12). [web log].

Retrieved February 20, 2023, from <https://startingtoknow.com/brands-with-the-highest-social-media-engagement-2021/>.

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February 20, 2023, from <https://www.socialmediatoday.com/marketing/why-multimedia-content-so-important-infographic>.



MODULE TITLE: FINANCES AND FINANCE PLANNING

Module number: 7

Module author: LOVILA - Konstantina Razgkeli

Module description:

You will learn what is financial planning, the difference between a personal and business financial plan, and how to create by your own a financial plan for your business. At the end of each unit, there are practical tasks that help you assess your knowledge acquired in the Module.

Learning objectives / outcomes of the Module:

- Understand the definition.
- Understand the need of a financial plan in a business.
- Develop a financial plan.

UNIT 7.1: WHAT IS FINANCIAL PLANNING?

Content:

- 7.1.1 Definition of Financial planning
- 7.1.2 Objectives of Financial Planning
- 7.1.3 The difference between personal and business financial planning

7.1.1 DEFINITION OF FINANCIAL PLANNING

Financial planning is defined as a document that has records of a business owner or company's financial situation along with planning on the spending of money to achieve a certain goal by working by a well-devised plan. It is basically a financial budget plan, which helps organize the business and includes a set of goals that are supposed to be followed by the firm or business owner to save and spend accordingly. It helps distribute various monetary expenses such as rent, while at the same time saving some amount of money as short-term or long-term savings.

Financial Planning is the process of estimating the capital requirement and determining the competitive elements required for financial planning. This is a plan which has been defined as a document that contains a person's current money situation with the long-term monetary goals, the strategies to achieve those goals based on the current fund. A financial plan may be devised and drafted independently or with the assistance of a financial planner. The first step in the creation of a financial plan is to involve collecting the numbers from the web-based accounts into a document or a spreadsheet.

7.1.2 OBJECTIVES OF FINANCIAL PLANNING

There are two main objectives of financial planning:

- **Ensuring Availability of Funds When Required:** The foremost and most important objective of financial planning is to keep in check that funds are available in cases of emergency or whenever it is required for use. Sufficient funds should be available with the firms for various purposes.
- **Check Unnecessary Fundraising by the Firms:** Insufficient funds are just as bad as surplus funds. Idle money will only result in a loss for a firm as against investment. Therefore, proper allocation of funds is a very important part of financial planning.

7.1.3 THE DIFFERENCE BETWEEN A PERSONAL AND BUSINESS FINANCIAL PLAN

A financial plan is sometimes referred to as an investment plan, while personal financing focuses on specific areas like risk management, estates, colleges, or retirement.

Becoming a small business owner can be incredibly rewarding, but typically doesn't come without some stresses, especially when it comes to financing and making sure you have the capital to keep things moving smoothly. You've likely been managing your own personal finances for years, so it might be tempting to just apply the same principles you use for your personal finances to your business. But there are important differences to consider.

An important difference between personal and business finance is the **use of leverage** as an investment strategy, which basically means you borrow money to invest in your future. Leverage is a common practice that, supports small businesses and helps them expand through the access to capital.

Using leverage in personal finance can mean devastating losses, as in your car or even your house. But in business, it allows you to increase your ability to invest in your company without having to personally put forward all the capital.

If you leverage your business, this is not necessarily a bad thing. In fact, it can be highly beneficial! It is just important to not obtain more loans than you are able to pay back.

It is important to separate your business and personal finances, which for most small businesses includes a business checking account and credit card, and oftentimes, a small business loan. Avoid paying personal debts or bills from your business accounts and vice versa. Make sure your business finances are official by registering your business and obtaining a federal tax identification number.

This approach will make book-keeping easier, filing your taxes less complicated, and will make you a more credible candidate for loans and other financing.

Example of good practice:

- https://videos-fms.jwpsrv.com/63b42cf0_0xdd5af1635ac025ee0f61bd2629c2af3e5bbd7ff0/content/conversations/hmUZMORz/videos/mr7MaYGz-3480263.mp4.

Exercises:

- *Create/Describe a personal and a business finance plan.*

Assessment of the Unit:

Exercise 1

Fill in the gap with the words below:

Investment, personal, document, money

Financial planning is defined as a **document** that has records of a business owner or company's financial situation along with planning on the spending of **money** to achieve a certain goal by working by a well-devised plan.

A financial plan is sometimes referred to as an **investment** plan, while **personal** financing focuses on specific areas like risk management, estates, colleges, or retirement.

SOURCES/LITERATURE OF THE UNIT:

[1] Manning, L. (2023, February 15). Financial Plans: Meaning, Purpose, and Key Components [web log]. Retrieved February 20, 2023, from https://www.investopedia.com/terms/f/financial_plan.asp.

Business finance vs. personal finance: The important differences. (2020, September 18). [web log].

Retrieved February 20, 2023, from https://www.thimble.com/blog/business-finance-vs_personal_finance.

UNIT 7.2: HOW TO CREATE A FINANCIAL PLAN?

Content:

- 7.2.1 Balance Sheet
- 7.2.2 Income/Profit and Loss statement
- 7.2.3 Cash flow statement
- 7.2.4 Sales forecast

7.2.1 BALANCE SHEET

A **Balance Sheet** refers to a financial statement that lists a company's **assets**, **liabilities**, and **shareholder equity** at a certain time. It helps you understand where you stand right now. Provides a preview of what a company owns and owes, as well as the amount invested by shareholders.

Think of the Balance Sheet as a photo that captures, at a certain time (normally, at the end of a month or a quarter or a year), the financial situation of a business - what you own and what you owe to others.

Components of a Balance Sheet

The Assets

What is yours, the things that belong to you are called "**The Assets**". Things like, cash on hand and in the bank, stocks of raw materials and goods, vehicles, machinery, buildings from your customers that are money they owe you for purchases of your products but have not yet paid you back at the time the Balance Sheet is prepared.

The Liabilities

What you owe others is called "**The Liabilities**". Things like, **creditors** who are purchases you made to run a business but have not yet paid off at the time the Balance Sheet is prepared, taxes you owe to the state, VAT, employee and employer contributions and loans, to banks or other institutions.

Shareholder Equity

The difference between what you own (**the Assets**) and what you owe to others (**the Liabilities**) is called "**Shareholder Equity**" or "**Net Worth**". So, after all that is owed to others is paid and all their claims are satisfied, whatever remains in the business belongs to its owners.

7.2.2 INCOME/PROFIT AND LOSS STATEMENT

The Profit and Loss Statement (P&L), also called **Income Statement**, is a financial document that shows investors and other stakeholders the financial position of a company. The statement can cover any period, from one day to ten years, but most often they are issued quarterly and every financial year. It contains information about a company's operations, the efficiency of its management, underperforming sectors, and its performance in comparison to peers in the same industry. Potential investors use these documents to assess a status of a potential investment, and current investors can see what kind of return they are getting on their shares.

Types of Profit and Loss Statement

- **Cash method** also called **the cash accounting method**, is only used when cash goes in and out of the business. This is a simple method that only accounts for cash received or paid. A business records **transactions** as revenue whenever cash is received and as liabilities whenever cash is used to pay any bills. This method is used by smaller companies as well as people who want to manage their personal finances.
- **Accrual method**. Records **revenue** as it is earned. This means that a company using the accrual method accounts for money that it expects to receive in the future. For instance, a company that delivers a service to its customer records the revenue on its P&L statement, even though it has not yet received payment. Similarly, liabilities are accounted for even when the company has not yet paid for any expenses.

7.2.3 CASH FLOW STATEMENT

A financial document called the **Cash Flow Statement (CFS)** describes the amount of **cash and cash equivalents (CCE)** entering and leaving a business. The CFS measures how effectively a business manages its cash position, or how successfully it generates cash to cover its debt payments and finances its operating costs.

Elements of the Cash Flow Statement

The cash flow statement is divided into three sections, namely:

- **Cash flows arising from operating activities,**
- **Cash flows arising from investing activities,**
- **Cash flows arising from financing activities.**

Investors can use the CFS to understand how a company's operations work, where its money comes from and how it is spent. The CFS is important because it helps investors determine whether a company is financially sound.

Creditors can use the CFS to calculate how much cash is available (also known as liquidity) to cover the company's operating expenses and pay off debts.

7.2.4 SALES FORECAST

The term "**sales forecast**" refers to an **estimation of sales** for a given future time that is linked to a planned marketing strategy and presupposes a specific set of uncontrolled and competitive forces.

Why you should use sales forecasting:

1. It is a planning tool.

There are certain changes within a period that can happen, like the seasons. These events will affect the number of sales. Sales forecasts allow business owners to plan out their much-needed requirements such as their raw materials, workforce, and other logistics-related needs. When using a sales forecast as a planning tool, you are not only able to prepare your resources, but you can also stay consistent with supplying your goods in the market. Elements like these can maximise your sales since you won't have to turn down a client due to your lack of inventory.

2. It is a mitigating measure.

Because sales forecasts enable you to see potential problems before they occur, it gives you ample amount of time to prepare for the potential problems, making it easier for you to avoid them. In short, you can mitigate risks or business problems through sales forecasting. It allows you to anticipate changes and make the necessary adjustments prior to the changes occurring.

3. It is a decision-making tool.

It is a remarkable decision-making tool since it gives you a better perspective of all the elements that can affect your sales. Not only do sales forecasts have sales records and estimates in it, but it also

includes events and their possible dates. It even tells you what your sales performance was in the past, giving you better insights on what would happen if you performed certain actions (like the ones you did in the past).

4. It is a performance assessment tool.

Sales forecasts can be an effective measuring tool where you gauge the efficiency of your sales team. It presents targets that all departments can base their action plans on to support the sales team and generate better results.

Example of good practice:

- <https://www.bing.com/videos/search?q=how+to+create+a+financial+plan+for+a+business&docid=608019953480133399&mid=4662AB68292A2E7CAF284662AB68292A2E7CAF28&view=detail&FORM=VIRE>

Exercises:

Start creating your financial plan. Fill in the documents of Balance Sheet, Income statement and Cash Flow statement and fill them in according to your company's details.

Assessment of the Unit:

Exercise 1

Put the words in the correct column.

Balance sheet: assets, liabilities

Income statement: Cash method, accrual method

Cash flow statement: operating activities, investing activities, financial activities, investor, creditors.

Exercise 2

True or False

Cash Flow Statement (CFS) describes the amount of cash and cash equivalents (CCE) that only enters in business- False (enters and leaves)

The Profit and Loss Statement (P&L), also called Income Statement, is a financial document that shows investors and other stakeholders the financial position of a company - True

A Balance Sheet refers to a financial statement that lists a company's assets, liabilities, and shareholders' equity at a certain time -True

SOURCES/LITERATURE OF THE UNIT:

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UNIT 7.3: BASIC CONCEPTS OF ACCOUNTING

Content:

- 7.3.1 Wealth or equity?
- 7.3.2 The result
- 7.3.3 Liquidity and solvency analysis

7.3.1 WEALTH OR EQUITY?

Wealth or equity of a company is the total of its good, rights, and obligations (in other words the total of assets and liabilities).

GOODS

These are made up of those factors of production, whether tangible or intangible.

Examples of tangible assets: machinery, equipment, information, furniture, raw materials, merchandise, finished products, cash on hand, etc.

Examples of intangible assets: patents, trademarks, etc.

RIGHTS

These are made up of those legal situations in which the company is entitled to receive.

E.g., bank deposits, customer receivables (credit sales), etc.

OBLIGATIONS

The inverse situation of rights. Legal situations in which the company is under an obligation to give.

E.g., a bank loan received, debts to suppliers (purchases on credit), etc.

7.3.2 THE RESULT

The Result of a firm is the output it produces during a given period minus the remuneration generated for each of the parties involved in that output (in other words, all its income and expenses).

The Income

The income **increases** in the net assets of the company during the year, either in the form of inflows or increases in the value of assets or decreases in liabilities. E.g., sales, income from services rendered, etc.

The Expenses

The expenses **decrease** in the net assets of the company during the year, either in the form of outflows or decreases in the value of assets or in the form of increases in the value of assets. E.g., consumption of materials, wages and salaries, rentals, etc.

The Net Income

Net income is your company's total profits after deducting all business expenses. Net income is one of the most important line items on an income statement. Your monthly income statement tells you how much money is entering and leaving your business. Income statements—and other financial statements—are built from your monthly books.

The formula for calculating net income is:

Gross Income - Expenses = Net Income

or

Total Revenues - Total Expenses = Net Income

7.3.3 LIQUIDITY AND SOLVENCY ANALYSIS

Liquidity analysis

Liquidity analysis assesses the company's short-term financial capacity (short-term financial balance).

Solvency analysis

Solvency analysis evaluates the financial capacity of the company in the long term (long-term financial balance).

To fully understand leverage, you must understand two important terms: debt and equity. The debt-to-equity ratio, which is a company's total debt divided by its total equity, is a good signal to investors as to the health of your business. This ratio is a tool that measures the debt a company has (for example, short- and long-term loans) to the equity (retained earnings and assets owned by the small business). The smaller the ratio is, the safer the small business is seen by loan officers, and the more capital they are likely to give you access to.

Example of good practice:

- <https://www.bing.com/videos/search?q=how+to+calculate+tge+net+income+best+practice&&view=detail&mid=DA1890943B3AA9595CB4DA1890943B3AA9595CB4&&FORM=VRDGAR&ru=%2Fvideos%2Fsearch%3Fq%3Dhow%2Bto%2Bcalculate%2Btge%2Bnet%2Bincome%2Bbest%2Bpractice%26FORM%3DHDRSC4>

Exercise

Calculate the net income of the company.

Let's say Santa Christmas Shop wants to find its net income for the first quarter of 2022. Here are the numbers/data we have:

Total revenues: 60,000€

Cost of goods sold (COGS): 20,000€

Rent: 6,000€

Utilities: 2,000€

Payroll: 10,000€

Advertising: 1,000€

Interest expense: 1,000€

First, calculate the gross income by taking his total revenues, and subtracting COGS:

Gross income = 60,000€ - 20,000€ = 40,000€

Next, add up the expenses for the quarter.

Expenses = 6,000€ + 2,000€ + 10,000€ + 1,000€ + 1,000€ = 20,000

Now, you can calculate the net income by taking the gross income, and subtracting expenses:

$$\text{Net income} = 40,000\text{€} - 20,000\text{€} = 20,000\text{€}$$

Assessment of the Unit:

Exercise 1

Drag and drop in the correct column the above words:

GOODS: machinery, furniture, equipment, raw materials, patents, trademarks

RIGHTS: credit sales, bank deposits

OBLIGATIONS: bank loan, debts to suppliers

Exercise 2

Fill the gap: Liquidity analysis, long term.

Liquidity analysis assesses the company's short-term financial capacity (short-term financial equilibrium).

Solvency analysis evaluates the financial capacity of the company in the **long term**.

SOURCES/LITERATURE OF THE UNIT:

[1] Berry-Johnson, J. (2021, October 8). How to Calculate Net Income (Formula and Examples) [web log]. Retrieved February 20, 2023, from <https://bench.co/blog/accounting/net-income-formula/#mvav2>.



MODULE TITLE: GREEN MANAGEMENT

Module number: 8

Module author: Epralima

Module description:

Environmental scanning is necessary when starting a business because there are rapid changes taking place in the environment, which have a great impact on the work of business firms. Analysis of the business environment helps to identify strengths, weaknesses, opportunities, and threats. Therefore, the purpose of this Module is to provide general information on Management, in addition to an introduction to Green Management, in order to contribute towards the development of eco-businesses.

Learning objectives / outcomes:

- Understand Management.
- Understand Green Management and its importance.
- Identify strategies for building an eco-business.

UNIT 8.1: WHAT IS MANAGEMENT?

Content:

- 8.1.1 Concept of Management
- 8.1.2 Importance of Business Management
- 8.1.3 Levels of Management

8.1.1 CONCEPT OF MANAGEMENT

Management is what managers *do*. It is the process of coordinating work activities with and through other people so that work activities are completed efficiently and effectively. The Term *Management* is used to refer to the process of Managing the activities of Enterprise. Those activities are known as managerial functions. Management functions are common to all business organisations and even to non-profit organisations; they are integrated and interrelated.

8.1.2 IMPORTANCE OF BUSINESS MANAGEMENT

Management is a must for every enterprise because it ensures proper functioning and running of an enterprise. Management can plan the activities to achieve the objectives and use the available

resources at minimum cost. Every business needs a direction, and this direction is given by the management. For example: the achievement of group goals, optimum utilization of resources, minimisation of cost, change of growth, effective functioning, higher profits, social benefits, etc.

8.1.3 LEVELS OF MANAGEMENT

In every company, there is a managerial hierarchy or chain of command, which consists of several levels of authority. The number of management levels may differ from company to company. In a big company the management levels may be classified into three categories:

- Top management
- Middle management
- Supervisory or Operating management

Example of good practice:

- Video - Management skills | 10 Management skills every manager should have (<https://www.youtube.com/watch?v=xHBhFKBLhWs>)

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example:

- Who are managers?
 - (a) People who physically produce goods and services by working on specific tasks.
 - (b) **People who allocate and monitor the use of organizational resources in the form of information, materials, money, and people.**
 - (c) People who acquire goods and services by thinking on specific tasks.
 - (d) People who allocate and monitor the use of organizational resources in the form of money and people only.
- Which of the following is NOT a level of management?
 - (a) Top manager
 - (b) Middle manager
 - (c) **Executive manager**
 - (d) First-line manager
- Which statement holds the most truth?
 - (a) Managers have it pretty easy after assigning roles to all their employees.
 - (b) **Managers are needed to provide support and motivation for workers.**

- (c) Managers must only take corrective actions when deviations from organizational objectives affect customers.
- (d) Managers ensure that qualified and skilled workers that they like are placed in suitable positions.

SOURCES/LITERATURE OF THE UNIT:

[1] Herrity, Jennifer. (2019, December 12). *What is management? Definitions, Functions and Styles*, retrieved from <https://www.indeed.com/career-advice/career-development/what-is-management>.

[2] Maiti, Sushanta. [Education Leaves]. (2021, January 22) *Management Skills/ 10 Management skills every manager should have*, retrieved from <https://educationleaves.com/top-10-management-skills/>.

[3] Maiti, Sushanta. [Education Leaves]. (2021, January 22) *Management Skills/ 10 Management skills every manager should have*. Video. YouTube. <https://www.youtube.com/watch?v=xHBhFKBLhWs>.

[4] Simmering, Marcia J. (n.d). *Management Levels*, retrieved from <https://pdcrodas.webs.ull.es/empresa/ManagementLevels.pdf>.

UNIT 8.2: INTRODUCTION TO GREEN MANAGEMENT

Content:

- 8.2.1 Concept of Green Management
- 8.2.2 Importance and benefits of Green Business Management
- 8.2.3 Types of Green Management

8.2.1 CONCEPT OF GREEN MANAGEMENT

Green Business Management deals with the construction of business and focuses on the use of competent and talented employees to produce profits for the company. Meaning, it is not a concept that describes a new business management style, but rather a business that functions in a capacity where no negative impact is made on the local or global environment or the community or the economy. It engages in forward thinking policies that affect human rights. Green businesses adopt principles, policies and practices that improve the quality of life for their customers, employees, and environment.

8.2.2 IMPORTANCE OF GREEN BUSINESS MANAGEMENT

Businesses that focus on green initiatives for their workspace, employees, and products prioritize the health of the planet and environment. More and more, society is recognizing that a healthy planet means a sustainable life for future generations. Green management aims to carry out business activities that are suitable for the environment, to protect the environment and to provide a

perpetual development in aims, visions, targets, business functions, organization structure, functions, production processes, organization culture of the businesses and the businesses.

8.2.3 TYPES OF GREEN MANAGEMENT

1. Green Supply Chain Management (GSCM)
2. Green Marketing
3. Green Production
4. Green Research and Development
5. Green Human Resource Management

Example of good practice:

- Video - 6 Steps to a Greener Data Center (<https://www.youtube.com/watch?v=yGkfBo2iSil>)

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example:

1. What is green management?
 - a) A way of managing money using eco-friendly investment options.
 - b) A type of management style that focuses on the colour green.
 - c) **An approach to business management that emphasizes environmental sustainability and social responsibility.**
2. Why is green management important?
 - a) It helps reduce the negative impact of business activities on the environment.
 - b) It promotes social responsibility and economic growth.
 - c) **Both A and B.**

SOURCES/LITERATURE OF THE UNIT:

[1] Eye on Tech. (n.d). *6 Steps to a Greener Data Center*. Video. YouTube. <https://www.youtube.com/watch?v=yGkfBo2iSil>.

[2] Freedman, Max. Business News Daily. (2023, January 20). *Do you want to start a business and protect the environment at the same time? These green business ideas help you do just that*, retrieved from <https://www.businessnewsdaily.com/5102-green-business-ideas.html>.

[3] McFarlane, Robert. S. Milsom & Wilke. (2021, September 27). *Considerations for Sustainable Data Centre Design*, retrieved from <https://www.techtarget.com/searchdatacenter/tip/Considerations->

[for-sustainable-data-center-design?utm_source=youtube&utm_medium=description&utm_campaign=032022GREEN&utm_content=GREEN&Offer=OTHR-youtube_OTHR-video_OTHR-GREEN_2022March17_GREEN.](#)

[4] Mind Tools. (n.d). *Green Management: Ten ways to boost your Business and Help the Planet*, retrieved from <https://www.mindtools.com/aevwa71/green-management>.

[5] Uygun, Akyay. Berat Musluk and Nail Ilbey. (2015). *Examining the Influence of Green Management on Operation Functions: Case of a Business*. Research Journal of Business Management. Volume 2, Issue 3, retrieved from <https://dergipark.org.tr/tr/download/article-file/375150>.

UNIT 8.3: HOW TO GO GREEN?

Content:

- 8.3.1 Green Practices
- 8.3.2 Sustainable Production and its role.
- 8.3.3 Corporate Environmental Responsibility.

8.3.1 GREEN PRACTICES

Sustainable business practices are those that allow companies to reduce their negative impacts on the environment while still allowing the businesses to make a profit. Sustainable business practices cover a variety of areas, such as: minimizing the use of energy, water and natural resources, waste management, use of recycled products and products with low environmental impact, etc.

8.3.2 SUSTAINABLE PRODUCTION AND ITS ROLE

Sustainable production refers to product development, engineering, and manufacturing practices that reduce environmental impact while maintaining quality and safety standards. It involves using resources efficiently, minimizing waste, and reducing energy consumption. Putting a sustainability action strategy at the core of your company ethos, and striving toward sustainable practices, can result in significant business benefits, including cost savings and improved brand reputation.

8.3.3 CORPORATE ENVIRONMENTAL RESPONSIBILITY

Corporate Environmental Responsibility is a branch of Corporate Social Responsibility, where a business is said to have a duty to improve the area in which it conducts business. Corporate Environmental Responsibility is a business' duty to abstain from damaging natural environments. Further, a company's corporate environmental responsibility could be defined as their duty to mitigate the environmental damage that comes from business operations, or find innovative ways to drive positive, environmental change derived from their business operations.

Example of good practice:

- Video - 10 Green Companies With Amazing Environmental Initiatives (<https://www.youtube.com/watch?v=UsVPN5LVw7k>)

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example:

1. What are some benefits of implementing green management practice?
 - a) Lower operating costs and improved efficiency.
 - b) Increased employee satisfaction and productivity.
 - c) **Both A and B.**
2. Sustainable production is the process of producing goods and services in a way that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.
 - a) **True**
 - b) False
3. What does CER mean?
 - a) Corporate Engineering Routine
 - b) Company Environmental Response
 - c) **Corporate Environmental Responsibility**
 - d) Company Entitled Responsibility.

SOURCES/LITERATURE OF THE UNIT:

[1] EcoMastery Project. (n.d.). 10 Green Companies with Amazing Environmental Initiatives. Video. YouTube. <https://www.youtube.com/watch?v=UsVPN5LVw7k>.

[2] Freedman, Max. Business News Daily. (2023, January 20). *23 Green Business Ideas for Eco-Minded Entrepreneurs*, retrieved from (<https://www.businessnewsdaily.com/5102-green-business-ideas.html>).

[3] Lotich, Patricia. (2019, May 29). *8 Sustainable Business Practices - Are you doing your part?*, retrieved from <https://thethrivingsmallbusiness.com/sustainable-business-practices/>.

[4] Stobierski, Tim. (2021, April 08). *Types of Corporate Social Responsibility to be Aware of*, retrieved from <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility>.

[5] Tecnia Addnode Group. (n.d.). *Why Embrace Sustainable Business Practices?*, retrieved from <https://www.technia.com/blog/how-does-sustainable-production-benefit-your-business/>.



MODULE TITLE: GREEN HUMAN RESOURCE MANAGEMENT

Module number: 9

Module author: Epralima

Module description:

This Module will provide basic information on Human Resource Management, while introducing sustainable practices and improve awareness on eco-friendly policies and activities in the field of HRM, commonly known as Green Human Resource Management or GHRM. The content of the Module will focus on the basic tools needed to implement GHRM techniques within the context of recruitment, selection, and development in Organizations.

Learning objectives / outcomes:

- Understand basic concepts of Human Resource Management (HRM).
- Explain HRM and how it relates to the management process.
- Recognize an overview of functions.
- Recognize GHRM activities and its advantages.
- Identify GHRM policies and practices.
- Know how to go Green.

UNIT 9.1: HUMAN RESOURCE MANAGEMENT

Content:

- 9.1.1 Human Resource Management (HRM)
- 9.1.2 Nature and scope of HRM
- 9.1.3 Functions of HRM
- 9.1.4 Role of HRM

9.1.1 HUMAN RESOURCE MANAGEMENT (HRM)

Human resource management (HRM) is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. As a department in an organization, it handles all employee aspects, such as: recruiting, hiring, training, and deploying, etc. In terms of planning, it is the process by which the company ensures that it has the right personnel to carry out the tasks that ensure the company reaches its objective. Organization is also an HRM function, which involves the development of an organizational structure to ensure the achievement of organizational goals.

9.1.2 NATURE AND SCOPE OF HRM

HRM is a management function that helps managers to recruit, select, train, and develop members for an organization and is concerned with people's dimension in organizations. The scope of HRM is indeed vast and extends to:

- All the decisions, strategies, factors, principles, operations, practices, functions, activities, and methods related to the management of people as employees in any type of organization.
- All the dimensions related to people in their employment relationships, and all the dynamics that flow from it.

All major activities in the working life of a worker - from the time of his or her entry into an organization until he or she leaves the organization - comes under the purview of HRM. The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations, and prospects of HRM.

9.1.3 FUNCTIONS OF HRM

Human Resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. The functions are responsive to current staffing needs but can be proactive in reshaping organizational objectives. All the functions of HRM are correlated with its core objectives and can be grouped as follows: Strategic HR Management, Equal Employment Opportunity, Staffing, Talent Management and Development, Total Rewards, Risk Management and Worker Protection, and Employee and Labour Relations.

9.1.4 ROLE OF HRM

The role of HRM is to plan, develop and administer policies and programmes, designed to make optimum use of an organizations human resources. It is the part of management which is concerned with the people at work and with their relationship within enterprises. Its objectives are:

- effective utilization of human resources;
- desirable working relationships among all members of the organizations;
- maximum individual development.
- Currently, HR roles are primarily administrative, operational, and strategic.

Example of good practice:

- Video - Top 10 HR Best Practices to build Better Workplaces in 2020 (https://www.youtube.com/watch?v=BODxEp9N_FA&t=32s)

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example

1. What is the primary role of Human Resource Management in an organization?
 - a) To recruit and hire employees.
 - b) To manage employee benefits and compensation.
 - c) To develop and implement policies that promote employee productivity and well-being.
 - d) **All of the above.**
2. Which of the following is a key responsibility of Human Resource Managers?
 - (e) Conducting performance evaluations.
 - (f) Developing employee training programs.
 - (g) Managing employee relations.
 - (h) **All of the above.**

SOURCES/LITERATURE OF THE UNIT:

[1] Copeland, Wilfred. (n.d). *Unit - 1: Introduction to Human Resource Management*, retrieved from <https://www.drnishikantjha.com/booksCollection/hrm-basic-notes.pdf>.

[2] Indeed for employers. *Setting Employee Work Schedules: A Manager's Guide*, retrieved from <https://www.indeed.com/hire/c/info/types-of-work-schedules>.

[3] Lucid Content Team. (n.d). *What does HR actually do? 11 key responsibilities*, retrieved from <https://www.lucidchart.com/blog/what-does-hr-do>.

[4] Prakash, Snehil [CuteHR]. (2022, January 21). *Top 10 HR Best Practices to build Better Workplaces in 2020*. (Video). YouTube. https://www.youtube.com/watch?v=BODxEp9N_FA&t=32s.

[5] Renukadevi, R. (n.d). *A Course Material on Human Resource Management*, retrieved from ([http://www.nou.ac.in/Online%20Resourses/05-7/Nature%20and%20Scope%20of%20HRM-converted%20\(1\).pdf](http://www.nou.ac.in/Online%20Resourses/05-7/Nature%20and%20Scope%20of%20HRM-converted%20(1).pdf)).

[6] Stacey, Kate (2023, February 23). *The Complete Guide to HR for Small Businesses in 2023*, retrieved from <https://connecteam.com/guide-human-resources-for-small-businesses/>.

UNIT 9.2: GREEN HRM

Content:

- 9.2.1 Green Human Resource Management (GHRM)
- 9.2.2 Green HRM Functions
- 9.2.3 Green Initiatives
- 9.2.4 Why go Green... Benefits and Advantages of GHRM

9.2.1 GREEN HUMAN RESOURCE MANAGEMENT (GHRM)

GHRM is directly responsible for creating green workforce that understands, appreciates, practices green initiatives, and maintains its green objectives throughout the HRM process of recruiting, hiring, training, compensating, developing, and advancing the firms human capital. It refers to the policies, practices, and systems that make employees of the organization green for the benefit of the individual, society, natural environment, and the business (Deka, 2021).

GHRM is the process of managing all business activities and resources, while keeping the environment and sustainable living in mind. It refers to the use of HRM policies to promote the sustainable use of resources within business organizations by making human resources more *environment* conscious. It means outlining the strategies for awareness of green practices to promote and prolong sustainable business activities which in turn help organizations to conduct in an environment friendly manner.

9.2.2 GREEN HRM FUNCTIONS

- Recruitment and Job Design
- Selection Methods
- HR Operations and the Onboarding Process
- Performance Management (PM)
- Learning and Development
- Compensation and Benefits

9.2.3 GREEN INITIATIVES

Today, organizations are implementing and integrating green initiatives in their agenda with the help of their human resource. Managers make sure that their HR is utilizing green human resource practices in appropriate manners. There are numerous green initiatives for HR departments, such as: green building, paperless office, conservation of energy, and recycling and waste disposal.

9.2.4 WHY GO GREEN... ADVANTAGES AND BENEFITS OF GHRM

Sustainability strategies are growing fast within thousands of companies nowadays as an answer to the challenges and catastrophes that climate change has brought, and increasingly threatens to bring into our world, which is why the private sector plays a fundamental role in the fight to stop climate change.

Advantages

Advantages of going Green include cutting costs, enhance savings, healthy image, gain a competitive edge, stimulate innovation, exploit new opportunities and more.

Example of good practice:

Video - 5 Ways to Make Your Workplace Greener (<https://www.youtube.com/watch?v=Qb-hulrdWr4>)

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example.

1. What is the primary goals of green human resource management?
 - a) **To promote environmental sustainability within an organization.**
 - b) To develop and implement policies that support employee well-being.
 - c) To increase profitability by reducing environmental impact.
 - d) All of the above.
2. What is one reason why companies should go green?
 - a) To improve their reputation with customers and stakeholders.
 - b) To increase profitability by cutting costs.
 - c) To reduce the risk of regulatory fines and penalties.
 - d) **All of the above.**
3. What is one advantage of GHRM?
 - a) **It helps to reduce an organization's environmental impact.**
 - b) It provides employees with more benefits and compensation
 - c) It increases profitability by reducing costs
 - d) All of the above.

SOURCES/LITERATURE OF THE UNIT:

[1] Ahmad, Shoeb. (2015, April 2). *Green Human Resource Management: Policies and practices*, retrieved from <https://www.tandfonline.com/doi/full/10.1080/23311975.2015.1030817>.

[2] Aykan, Ebru. (2017, September 20). *Gaining a Competitive Advantage through Green Human Resource Management*, retrieved from <https://www.intechopen.com/chapters/56008>.

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[4] Masood. Rana Z. (June 2018). *Green HRM: A need for the 21st Century*. JETIR. Journal of Emerging Technologies and Innovative Research. Volume 5, Issue 6, retrieved from <https://www.jetir.org/papers/JETIRC006063.pdf>.

[5] Mind Tools Videos. (n.d). *5 Ways to Make Your Workplace Greener*. (Video). YouTube. <https://www.youtube.com/watch?v=Qb-hulrdWr4>.



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - SLOVENIA

Module number: 10

SLOVENIA

Module author for Slovenia: University of Maribor

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the two key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Slovenia.

Learning objectives / outcomes:

- Key decisions before formally setting up a business.
- The most common legal forms for starting your own business and how to choose a suitable form, strengths, and weaknesses of each legal form of the company.
- Where and how to register a company.

UNIT 10.1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

- 10.1.1 Company name
- 10.1.2 Company's representatives
- 10.1.3 Head office of the company
- 10.1.4 Activities of the company

10.1.1 COMPANY NAME

The company name must clearly differ from the names of other companies. Prior to registration, verify that the name is different in the AJ PES business register (<https://www.ajpes.si/>). At the same time, the name of the company can have a specific meaning, represent the brand of the company or be fantasy. When choosing a name, it is necessary to consider memorability, recognition, and likability. In the case of doing business in foreign markets, it is also necessary to check whether it has any meaning in the language or slang. In case of registration of the legal form “sole traders” the name of the company must contain the first and last name of the founder.

10.1.2 COMPANY'S REPRESENTATIVES

All types of companies (except sole traders) must appoint at least one company director. Several directors and an additional procurator can be appointed. A director who is not employed, and is not a student or retired, must be employed by the company.

10.1.3 HEAD OFFICE OF THE COMPANY

The head office and business address of the company must be set up before the company is established. If the company does not own the premises where it will be registered, the founder of the company must obtain permission from the owner of the property. The head office is the place where the company's activities are performed. The business address is also located at the head office (street and number).

10.1.4 ACTIVITIES OF THE COMPANY

The SKD - Standard Classification of Activities (<https://www.stat.si/StatWeb/Methods/Classifications>) includes all possible activities that companies can engage in.

In the case of some activities, certain conditions need to be fulfilled before starting to trade. The business must obtain permits or ensure operations are carried out by a fully qualified person. These conditions are known as entry conditions. Some activities do not have any conditions - they are not regulated. Entry conditions can be checked and verified in the list of regulated activities.

Example of good practice:

- Video - interview with an entrepreneur

Exercise/ Assessment of the Unit:

- Determine the name, headquarters, and activities of the company. Check the company name and activities in the SKD (<https://www.stat.si/StatWeb/Methods/Classifications>) and Ajpes (ajpes.si) database.

SOURCES/LITERATURE OF THE UNIT:

[1] Ajpes.si.

[2] SKD <https://www.stat.si/StatWeb/Methods/Classifications>.

[3] SPOT; <https://spot.gov.si/sl/>.

[4] Registracija podjetje; <http://www.registracija-podjetja.si/pred-ustanovitvijo/kako-odpreti-podjetje>.

[5] Uredništvo, Kako ustanoviti podjetje; <https://www.slovenec.org/2020/02/22/podjetje/>.

UNIT 10.2: WHAT LEGAL FORMS OF COMPANY EXIST, THEIR ADVANTAGES AND DISADVANTAGES?

Content:

- 10.2.1 The most common legal forms of beginner entrepreneurs
- 10.2.2 Sole trader (s.p.)
- 10.2.3 Limited liability company (d.o.o.)
- 10.2.4 Differences between Sole trader and Limited liability company

10.2.1 THE MOST COMMON LEGAL FORMS OF BEGINNER ENTREPRENEURS

A **sole trader** (s.p.) is a natural person independently pursuing a gainful activity on the market. Registering as a sole trader is quick, easy, and free of charge. No initial capital is required.

A **limited liability company** (LLC) is a legal person whose owner may be one or more domestic or foreign legal and natural persons. The owners or members are not responsible for covering for the company's liabilities.

In Slovenia, an **unlimited liability** company must be established by at least two local or foreign individuals or legal entities who have decided to conduct a business activity together. All company members are liable for the company's obligations.

Institutes in Slovenia can be established and registered by local or foreign individuals and businesses if no other legal provisions are stipulated for individual activities or individual types of institutes.

10.2.2 SOLE TRADER (S.P.)

A sole trader (s.p.) is a natural person independently pursuing a gainful activity on the market.

Registering as a sole trader is quick, easy, and free of charge. No initial capital is required.

This legal form is especially suitable for those entrepreneurs who do not have the initial capital, and will do business on a smaller scale and mainly with physical customers. Within the scope of s.p. handling cash and keeping business books is simplified. In the case of normalized s.p. the entrepreneur is recognized by the state for 80% of the costs (related to income) for which proof with invoices is not required.

This simplifies operations, lowers the costs of keeping business books and is suitable especially for those who offers services and do not have high incoming invoices.

It is **very important** to be aware that in the case of an s.p., the entrepreneur is liable with all his assets, which means that in the case of the collapse of the business, all obligations are transferred to the entrepreneur.

10.2.3 LIMITED LIABILITY COMPANY (D.O.O.)

A limited liability company (LLC) is a legal person whose owner may be one or more domestic or foreign legal and natural persons. The owners or members are **not responsible** for covering for the company's liabilities.

To be established, the company is required to have nominal capital that amounts to at least EUR 7,500 (and not less than EUR 50 for each basic capital contribution) and is available to the company for business operations from the day of establishment.

The advantages of a limited liability company (d.o.o.) are mainly the following:

- partners are not responsible for the company's obligations;
- the possibility of entering into legal transactions between the company and its partners;
- greater reputation and trust in the market;
- quick and easy establishment;

The disadvantages of a limited liability company (d.o.o.) are as follows:

- it is necessary to pay the share capital;
- the payment of profit is highly tax burdened;
- higher business costs.

10.2.4 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY

	Sole trader	Limited liability company
Personal liability	Yes (you are liable with personal property)	NO (you are only liable with invested capital or company capital)
Initial capital	Not required	7.500 € (can be in cash, funds, or any combination)
Establishment	Free; online / SPOT	Free at SPOT
Profit taxation	16%, 26%, 33%, 39%, 50% (income scale)	Corporate income tax - 19 %
Bookkeeping	Normalized expenses (80%) Simple bookkeeping Double-entry bookkeeping	Normalized expenses (80%) Double-entry bookkeeping

Example of good practice:

- /

Exercise/ Assessment of the Unit:

- A quiz regarding the business idea, customers, scope of business, which ultimately suggests a suitable legal form

SOURCES/LITERATURE OF THE UNIT:

[1] Ajpes.si.

[2] SKD <https://www.stat.si/StatWeb/Methods/Classifications>.

[3] SPOT; <https://spot.gov.si/sl/>.

[4] Registracija podjetje; <http://www.registracija-podjetja.si/pred-ustanovitvijo/kako-odpreti-podjetje>.

[5] Uredništvo, Kako ustanoviti podjetje; <https://www.slovenec.org/2020/02/22/podjetje/>.

UNIT 10.3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

10.3.1 General about the establishing a company in Slovenia

10.3.2 How to establish a “Sole trader”?

10.3.3 How to establish a “Limited liability company”?

10.3.1 GENERAL ABOUT THE ESTABLISHING A COMPANY IN SLOVENIA

Establishing a business is free, simple, and fast. It should take less than three days from submitting the application. If applicant obtain a digital certificate, they may also establish the business via Slovenian Business Point portal or at one of the SPOT point locations. There are no conditions limiting how to establish a company in Slovenia - anyone may register a company, and the procedure is the same for all EU, EEA Member Countries citizens and for citizens of the Swiss Confederation. Economic activity may be performed by an individual or business in a variety of different legal and organisational forms.

10.3.2 HOW TO ESTABLISH A “SOLE TRADER”?

A sole trader (s.p.) is a natural person independently pursuing a gainful activity on the market. Registering as a sole trader is quick, easy, and free of charge. No initial capital is required.

Under the law governing companies, a sole trader may commence their activity once they are entered in the Slovenian Business Register.

This easy business form of a company can be created quickly from home on the Slovenian Business Point portal (online ‘one-stop shop’), for which you will need a digital certificate and the required equipment or at one of the SPOT points. The decision on entry is made by AJPES. The registration procedure is free of charge. To register the person, need a valid personal identification document and a tax identification number. If you are not the owner of the building at the business address or at the business address of the branch establishment you wish to register, you must enclose a verified declaration from the owner of the building (Model declaration of a building-owner) stating that they allow you to operate the business from this address. The declaration may be verified at any administrative unit. A declaration does not require verification if the owner of the building makes a declaration at a SPOT Point or if the trader obtains authorization to pursue the activity from the central government, a self-governing local community, or a competent national or municipal fund responsible for housing affairs, pursuant to the law governing residential buildings. A trader or company must be able to accept an official post at the business address.

10.3.3 HOW TO ESTABLISH A “LIMITED LIABILITY COMPANY”?

Setting up a single-member LLC (d.o.o.)

Setting up a single-member LLC (d.o.o.) is a straightforward process, with a sole member adopting the company’s articles of association:

- at the physical SPOT Consulting point
- via the Slovenian Business Point portal (in Slovenian language);
- or in the form of a notarial act.

The d.o.o. may be set up by a natural person (the sole member of the single-member d.o.o. being established) who appears in the central population register (i.e. they have a personal identification number and tax number) and who meets the following conditions:

- the sole member is a natural person who appears in the central population register (i.e. they have a personal identification number and tax number) and who has a qualified digital certificate;
- the sole member adopts the articles of association.
- the sole member is, at the same time, the sole manager/director of the company
- prior to submitting a request for entry, the sole member pays the full basic capital contribution in cash at the court (minimum amount is EUR 7,500).
- If an application for registration of the establishment of a simple single-member LLC (d.o.o.) is submitted by remote access (Slovenian Business Point portal in Slovenian language), the application automatically offers the member an electronic record of company decisions.

Example of good practice:

- Video the registration process through the on-line SPOT point

Exercise/ Assessment of the Unit:

- Execution of the proforma registration through the online portal

SOURCES/LITERATURE OF THE UNIT:

- [1] Ajpes.si
- [2] SKD <https://www.stat.si/StatWeb/Methods/Classifications>.
- [3] SPOT; <https://spot.gov.si/sl/>.
- [4] Registracija podjetje; <http://www.registracija-podjetja.si/pred-ustanovitvijo/kako-odpreti-podjetje>.
- [5] Uredništvo, Kako ustanoviti podjetje; <https://www.slovenec.org/2020/02/22/podjetje/>.
- [6] Barringer B. R., Ireland R. D., (2016) »Entrepreneurship, Successfully Launching New Ventures«; Prentice Hall - Bergant, A.



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - ITALY

Module number: 10

ITALY

Module author for Italy: Euphoria Net

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Italy.

Learning objectives / outcomes:

- Key decisions before formally setting up a business.
- The most common legal forms for starting your own business and how to choose a suitable form, strengths, and weaknesses of each legal form of the company.
- Where and how to register a company.

UNIT 10.1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

- 10.1.1 Company name
- 10.1.2 Company's representatives
- 10.1.3 Head office of the company
- 10.1.4 Activities of the company

10.1.1 COMPANY NAME

The company name has the function of differentiating a company from the competition and it is one of the so-called "distinctive signs" of the company governed by the Italian Civil Code. The company must have a distinctive sign and can be represented by the entrepreneur's name, the owner's initials or an invented name followed by the owner's name and surname. It must identify the company without the possibility of confusion and without generating misunderstandings that can associate the company with other companies. It must have a novelty character compared to those used by competitors and respect the principles of morality and public order.

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The company name must clearly differ from the names of other companies. Prior to registration, verify that the name is different in the Italian business register ([Registro Imprese | I dati Ufficiali della Camera di Commercio](#)). At the same time, the name of the company can have a specific meaning, represent the brand of the company or be fantasy. When choosing a name, it is necessary to consider memorability, recognition, and likability. In the case of doing business in foreign markets, it is also necessary to check whether it has any meaning in the language or slang. In case of registration of the legal form “sole traders” the name of the company must contain the first and last name of the founder.

10.1.2 COMPANY'S REPRESENTATIVES

All types of companies (except sole traders) must appoint at least one company director. Several directors and an additional procurator can be appointed. A director who is not employed, and is not a student or retired, must be employed by the company.

10.1.3 HEAD OFFICE OF THE COMPANY

The head office and business address of the company must be set up before the company is established. If the company does not own the premises where it will be registered, the founder of the company must obtain permission from the owner of the property. The head office is the place where the company's activities are performed. The business address is also located at the head office (street and number).

In Italy, the legal address of a company can be registered also at the office of an official accounting firm that manages the company's accounting and finance.

10.1.4 ACTIVITIES OF THE COMPANY

Italian companies need to have an ATECO classification that determines the activities the companies can engage in.

ATECO is a type of classification adopted by the Italian National Institute of Statistics (ISTAT) for national statistical surveys of an economic nature.

It is the Italian translation of the nomenclature of economic activities (NACE) created by Eurostat, adapted by ISTAT to the specific characteristics of the Italian economic system.

In the case of some activities, certain conditions need to be fulfilled before starting to trade. The business must obtain permits or ensure operations are carried out by a fully qualified person. These conditions are known as entry conditions. Some activities do not have any conditions - they are not regulated. Entry conditions can be checked and verified in the list of regulated activities.

Example of good practice:

- Video - interview with an entrepreneur

Exercise/ Assessment of the Unit:

- Determine the name, headquarters, and activities of the company. Check the company name and activities in the “digital box of entrepreneurs” database. [Il cassetto digitale dell'imprenditore \(italia.it\)](https://www.italia.it/it/impresadigitale)
- You need a SPID to access the platform.
SPID is the Public Digital Identity System that allows you to access all online services of the Italian Public Administration with the same credentials (username and password) on computers, tablets and smartphones.

SOURCES/LITERATURE OF THE UNIT:

[1] Unioncamere. (2023). Retrieved from Cos'è SPID (italia.it).

[2] Italian Chamber of Commerce. (2023). Retrieved from Registro Imprese | I dati Ufficiali della Camera di Commercio.

UNIT 10. 2: WHAT LEGAL FORMS OF COMPANY EXIST, THEIR ADVANTAGES AND DISADVANTAGES?

Content:

- 10.2.1 The most common legal forms in Italy
- 10.2.2 The most common legal forms suitable for beginner entrepreneurs
- 10.2.3 Differences between Sole trader, freelance and Limited liability company

10.2.1 THE MOST COMMON LEGAL FORMS IN ITALY

Company formation in Italy is a wide topic, as there is a big range of legal forms for setting up companies depending on the company's organizational model, its business objectives, the level of capital to be committed, the extent of liability of the founders as well as tax and accounting implications.

There are two main types of companies:

- 1) Partnerships that represent those entities where, from a legal point of view, people prevail over assets. The legal entity is identified in the person of the various partners, who take on both the rights and obligations deriving from the business activity.
 - Società semplice (s.s): there is no minimum share capital for incorporation. This corporate structure is mainly used in the agricultural sector in non-commercial activities.
 - Società in nome collettivo (s.n.c): similar to s.s but with a commercial nature and with greater attention that the law places on the statute of the company, through which it

defines some essential elements. There is no minimum share capital requirement; the liability regime for social obligations is unlimited and common to all members.

- Società in accomandita semplice (s.a.s): contrary to the two above mentioned types, there are types of shareholders:
 - a) general partners (accomandanti), who are responsible for managing the company while maintaining an unlimited liability regime for corporate obligations;
 - b) limited partners (accomandatari), who benefit from a limited liability regime, which prohibits their participation in the administration of the company. This prohibition is so strict that, if it is not respected, the shareholder can lose the benefit of the limitation of liability and, in its maximum consequence, be excluded from the company.
- 2) Corporations, where the equity element is central. The company itself represents the legal entity. In this case, the shareholders bear the charges and rights in a manner corresponding to their share of the capital.
 - Società a responsabilità limitata (s.r.l), is the most common type of company in Italy. In this category, in fact, the advantages of corporations are collected - from the limitation of shareholders' liability to their contributions - while maintaining a flexible structure, without the organizational constraints envisaged for società per azioni. The minimum share capital is € 10.000.
 - Società a responsabilità limitata semplificata (s.r.l.s) was introduced in 2013 and consists in the setting up a simplified version of the s.r.l with a share capital starting from € 1,00.
 - Società a responsabilità limitata unipersonale (s.r.l unipersonale) which is a corporation with a single partner. In this case, however, the capital injections must be fully paid up at the time of incorporation.
 - Società per Azioni (s.p.a.) and Società in accomandita per azioni (s.a.p.a) are the most structured type of companies and are established by public deed, in the presence of a notary. A minimum share capital of € 50.000,00 is required. The shares into which this capital is divided can have different categories and effects: with higher or lower voting rights, higher or lower returns.

10.2.2 THE MOST COMMON LEGAL FORMS SUITABLE FOR BEGINNER ENTREPRENEURS

When you decide to transform an innovative idea into a business, you have to face a series of administrative steps because you have to set up the legal entity to which the business activities belong. Therefore, one of the first things to do is to choose the type of company among the different types the Italian legal system makes available. Some of these typologies are not suitable for a new entrepreneurial activity, others are very similar to each other so it is worth to understand them better.

A **sole trader** (ditta or impresa individuale) refers to individual entrepreneurs, or to all those who have an activity as a craftsman or merchant. They are workers who carry out a manual craft activity (plumbers, electricians, bricklayers, hairdressers, carpenters, blacksmiths, etc...) or the buying and selling of goods or raw materials. In general terms, they independently pursue a gainful activity on the market. Registering as a sole trader is quick, easy, and free of charge. No initial capital is required.

A sole trader ditta (or impresa individuale) is a natural person independently pursuing a gainful activity on the market. Registering as a sole trader is quick, easy, and free of charge. No initial capital is required.

This legal form is especially suitable for those entrepreneurs who do not have the initial capital, will do business on a smaller scale and mainly with physical customers. Within the scope of ditta or impresa individuale handling cash is simplified and there are no business books to keep. In the case of a ditta or impresa individuale the entrepreneur can choose, based on the volumes of income, to have a normal accounting (invoice amounts above € 80.000/year or a simplified accounting (invoice amounts under € 80.000/year). Issuing invoices is always mandatory via an electronic exchange system.

This simplifies operations, lowers the costs of keeping business books and is suitable especially for those who offers services and do not have high incoming invoices.

It is **very important** to be aware that in the case of a ditta (or impresa individuale), the entrepreneur is liable with all his assets, like in the partnerships. This means that in the case of the collapse of the business, all obligations are transferred to the entrepreneur.

By **self-employed worker** we mean all professionals who carry out an "intellectual" work. They are also commonly called "freelancers": they are all those workers enrolled in a professional register, such as lawyers, accountants, notaries, doctors, journalists, architects, geologists, engineers, agronomists, psychologists, chemists, etc. But that's not all. We speak of self-employed workers or freelancers for all those persons who, despite not having a professional register, carry out their activity "with their intellect", as we said previously.

In Italy, a start-up must be set-up in the form of a **corporation or in a cooperative** form by law.

A first possibility is constituted by the s.r.l (società a responsabilità limitata - limited liability company), a type of company that is characterized by great flexibility and cost savings: it does not require a board of statutory auditors (except in the case of consolidated financial statements) and the minimum capital is € 10.000.

There are two types of s.r.l:

- simple with one owner: in this case the capital injections must be fully paid up at the time of incorporation.
- normal s.r.l established by two or more individuals who have decided to conduct a business activity together.

All persons setting up the company have to be natural persons. Owners of a limited liability company cannot be other companies or investment funds. All company members are liable for the company's obligations only.

It is possible that the S.r.l. has a capital even lower than € 10.000. This is the case of Società a responsabilità limitata semplificata (s.r.l.s) introduced in 2013 where the capital can be only € 1. This type of corporation is often very popular by newbie entrepreneurs, however, beyond the immediate savings on the constitution cost, it is not always a convenient or forward-looking solution. The s.r.l.s corporations are limited liabilities, but above all a company with share capital of € 1 euro (which we have to remember, represents the assets with which the company responds of its obligations towards creditors) is not very credible in the eyes of banks, investors and partners. Furthermore, the company could also find itself in the condition of losses exceeding the capital and in this case the shareholders should have to immediately (or within certain times) recapitalize the company.

Capital companies are considered, for tax purposes, to be autonomous taxable persons, and the income produced by them applies:

- IRES: corporate income tax at a fixed rate (24%) to be applied on the tax base consisting of the pre-tax result net of deductions;
- IRAP: is a regional tax on productive activities at variable rates based on the region in which these activities are carried out, which is applied to the difference between revenues and production costs (value of production).

Company form	Dividends taxation
Individuals	Withholding tax at a flat rate of 26%
Partnerships	Ordinary IRPEF tax rates on a taxable basis of 58.14%
Corporations	IRES tax with a tax base of 5%

Naturally, the formula for the perfect start-up does not exist. But, apart from the fact that a “real” start-up company must be set up by law in the form of a corporation (s.r.l or s.p.a.), it is quite rare that a beginner entrepreneur as a sole trader, and which has remained so, achieves extraordinary success. Instead, it is common for successful start-ups to be made up of a multi-personnel team. The plurality of shareholders can exist from the deed of incorporation or be create subsequently, as a result of a transfer of shareholdings but the form of company influences largely the possibility of getting other capital or financing from external resources.

The advantages of a limited liability company (s.r.l.) are mainly the following:

- partners are not responsible for the company's obligations;
- the possibility of entering into legal transactions between the company and its partners;
- greater reputation and trust in the market;
- quick and easy establishment;
- the only type to constitute a start-up company.

The disadvantages of a limited liability company (s.r.l) are as follows:

- it is necessary to pay the share capital;
- the payment of profit is highly tax burdened;
- higher business costs

10.2.3 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY

	Sole trader (ditta individuale)	Limited liability company
Personal liability	Yes (you are liable with personal property)	NO (you are only liable with invested capital or company capital)
Initial capital	Not required	7.500 € (can be in cash, funds, or any combination)
Establishment	Registration fee at Company Registry	Registration fee at Company Registry
Profit taxation	16%, 26%, 33%, 39%, 50% (income scale)	Corporate income tax - 19 %
Bookkeeping	Simple bookkeeping, VAT and inventory books are not necessary under € 80.000/year invoiced. Double-entry bookkeeping	Double-entry bookkeeping, VAT and inventory books are mandatory

Example of good practice:

- Not applicable in this unit

Exercise/ Assessment of the Unit:

- A quiz regarding the maturity of the business idea, customers, scope of business, which ultimately suggests a suitable legal form. In any case, start-ups must be constituted into a corporate companies.

SOURCES/LITERATURE OF THE UNIT:

[1] Studio Ferrari. (2023). Retrieved from TYPES OF COMPANIES IN ITALY: CHARACTERISTICS AND TAXATION - STUDIO LEGALE E COMMERCIALE FERRARI & ASSOCIATI ROMA (studioferrari.com).

[2] Italian Chamber of Commerce. (2023). Retrieved from Registro Imprese | I dati Ufficiali della Camera di Commercio.

[3] University 2 Business. (2023). Retrieved from Faccio una startup: come scegliere il tipo di società (onlus, srl, srls, ditta individuale...) (university2business.it).

UNIT 10. 3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

10.3.1 How to establish a “Sole trader”?

10.3.2 How to establish a “Limited liability company”?

10.3.1 HOW TO ESTABLISH A “SOLE TRADER”?

To start a sole trader (ditta o impresa individuale), it is necessary to submit, exclusively electronically, a Communication to the competent Register of Companies.

There is one Single Communication that makes it possible to fulfill with a single registration all the formalities necessary for the establishment of the company, in particular:

- attribution of the VAT number by the Revenue Agency
- registration in the Register of Companies and eventually in the Register of Artisan Companies;
- INPS (National Institute of Social Security) compliance for social security reasons;
- INAIL (National institute for insurance against industrial injuries) compliance for insurance purposes;
- Certified Report of the Start date of Activity (SCIA).

It is necessary to have a Certified Electronic Mail box (PEC), as the electronic domicile of the company and a Digital Signature device of the business owner.

10.3.2 HOW TO ESTABLISH A “LIMITED LIABILITY COMPANY”?

The shareholders, having chosen the corporate form (partnership or corporation), formalize the rules that will govern their relationships in the company by signing the deed of incorporation and the statute or social agreements.

Following the incorporation of the company, it is necessary to submit, exclusively electronically, the Single Communication to the Company Register of the competent Chamber of Commerce.

Also, in this case like in a sole trader registration, there is one Single Communication that makes it possible to fulfill with a single registration all the formalities necessary for the establishment of the company.

- attribution of the Tax Code / VAT number by the Revenue Agency;
- registration in the Register of Companies and possibly in the Register of Artisan Companies
- INPS (National Institute of Social Security) compliance for social security reasons;
- INAIL (National institute for insurance against industrial injuries) compliance for insurance purposes;
- Certified Report of the Start date of Activity (SCIA).

Example of good practice:

- Video the registration process through the on-line service is not possible for Italian because a digital signature and certified mailbox need to be purchased.

Exercise/ Assessment of the Unit:

- /

SOURCES/LITERATURE OF THE UNIT:

[1] Italian Chamber of Commerce. (2023). Retrieved from Società di persone e di capitale | Registro Imprese.

[2] Unioncamere. (2023). Retrieved from Home - impresainungiorno.gov.it.

[3] Depositi e Istanze, Registro Imprese. (2023). Retrieved from DIRE - Depositi e Istanze REgistro Imprese.

[4] Infocamere. (2023). Retrieved from FedraPlus e plug-in (infocamere.it).



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - CYPRUS

Module number: 10

CYPRUS

Module author for Cyprus: LOVILA

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the two key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Cyprus.

Learning objectives / outcomes:

- Key decisions before formally setting up a business.
- The most common legal forms for starting your own business and how to choose a suitable form, strengths, and weaknesses of each legal form of the company.
- Where and how to register a company.

UNIT 10. 1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

10.1.1 Choosing a company name

10.1.2 Steps before the incorporation of a company

10.1.1 CHOOSING A COMPANY NAME

Before proceeding with the incorporation of your company, you must first decide upon the proposed name for your company, which will have to be approved by the Registrar of Companies.

Search of the proposed name

Once you decide upon the proposed name for your company, and before submitting an application for approval of the proposed name, you are advised to conduct an **online search on the business entities' register** of the Registrar of Companies (<https://www.companies.gov.cy/gr/>) in order to determine whether there is already a registered company with the same, or a similar, name.

In order for the proposed name to be approved, it must not be too similar to the name of an already existing business entity or be **misleading or undesirable**. In the case where your proposed company name is similar with the name of an already existing business entity, the proposed name can be examined only if together with your application for approval of the proposed name, you also submit a relevant consent from the existing registered business entity to use the said name.

Following the submission of application for approval of the proposed name, the Registrar of Companies will carry out a search, in relation to the proposed name of a company, which will not be limited only to Cypriot business entities. As a result of this search, the Registrar of Companies may reject a name for the purposes of protecting the reputation of an international organisation not registered in Cyprus (e.g. Coca Cola, McDonalds, etc). To this end, you are advised to conduct an online search over the existing registered trademarks so that you may determine whether a **registered trademark** with the same or a similar name already exists.

At the same time, if the name contains **restrictive words or expressions**, the necessary consent of the competent governmental authority or other body should be obtained and submitted.

Limited/Ltd

Depending on the type of company that you will choose to incorporate, the proposed name should bear as its last word the following:

- If it is a private company limited by shares or by guarantee, the word “ΛΙΜΙΤΕΔ” or “ΛΤΔ” or, in case the name of the company is written with latin characters, “LIMITED” or “LTD”;
- If it is a public company limited by shares or by guarantee and with a share capital, the words “ΔΗΜΟΣΙΑ ΛΙΜΙΤΕΔ” or “ΔΗΜΟΣΙΑ ΛΤΔ” or “ΔΗΜΟΣΙΑ ΕΤΑΙΡΕΙΑ ΛΙΜΙΤΕΔ” or “ΔΗΜΟΣΙΑ ΕΤΑΙΡΕΙΑ ΛΤΔ” or “Δ.Ε. ΛΙΜΙΤΕΔ” or “Δ.Ε. ΛΤΔ” or, in case the name of the company is written with latin characters, the words “PUBLIC COMPANY LIMITED” or “PUBLIC COMPANY LTD” or “PUBLIC CO. LIMITED” or “PUBLIC CO. LTD” or “PLC” or “PUBLIC LIMITED” or “PUBLIC LTD”.

Submission of the name approval application

The **application for approval/change of name** is submitted to the registrar of companies, **via e-filing, by hand or by post**, accompanied by:

- permission, consent or pre-approval by the appropriate governmental authority or appropriate body in case it is necessary for the use of **words or expressions** and/or due to the **nature of business** respectively;
- payment of ten euros (€10) fee for every proposed name. If you wish to accelerate the name approval process, an additional fee of twenty euros (€20) for every proposed name is required.

The **name approval results** are available via e-services.

Once the name is approved, the application for the company’s incorporation must be submitted, in accordance with the legal form of the proposed entity/business, within six (6) months; a period during which the approved proposed name is reserved.

10.1.2 STEPS BEFORE THE INCORPORATION OF A COMPANY TO PROCEED WITH THE INCORPORATION OF YOUR COMPANY, YOU MUST FIRST DECIDE UPON:

- the **type** of your company;
- the **name** of your company;
- the **address** of the registered office;
- the **directors** and the **secretary**;
- the **members** and the **share capital**;
- the **objects** of the company;
- the **Memorandum and Articles of Association** of the company.

Furthermore, to be able to incorporate your company online, you must first register on the **e-Filing of Documents system**. For further information please visit the obtain access to **e-filing page**.

Registered Office Address

The company must maintain a registered office in the Republic of Cyprus, which must not be a mailbox. At the registered office of the company is where, all notifications and notices are sent (e.g. letters from the Registrar of Companies), and where the various company's registers (e.g. members, directors, charges etc.) and other documents are maintained.

Directors and Secretary

The company must have at least one (1) director if it is a private company or at least two (2) directors if it is a public company. The directors must be of eighteen (18) years of age and above.

The company must also have one (1) secretary, which must be eighteen (18) years old or above.

It is also noted that only in the case of a private company with one (1) member and one (1) director, that the director may also act as a secretary.

Members and Share Capital

The company must maintain a registered office in the Republic of Cyprus, which must not be a mailbox. At the registered office of the company is where, all notifications and notices are sent (e.g. letters from the Registrar of Companies), and where the various company's registers (e.g. members, directors, charges etc.) and other documents are maintained.

For private companies there is no minimum share capital requirement, while the minimum nominal and issued capital of a public company offered for subscription is twenty-five thousand, six hundred and twenty-nine euros (€25.629).

Memorandum of Association

The memorandum of association is the document on the basis of which a company is incorporated. It sets out the objects and confirms the commitment of its members to its incorporation.

The company's memorandum of association contains at least the following:

- its name;

- its objectives;
- a statement that the liability of its members is limited;
- the amount of share capital (provided that a company has a share capital) with which the company intends to register and its division in shares; and
- the persons who set up the company, their signature and, given that a company has a share capital, the number of shares they receive stated opposite their names. The memorandum of association is also signed by a witness who confirms the signature of the persons who set up the company and by the lawyer who prepared the memorandum of association.

Articles of Association

The company's articles of association is the document that sets out the regulations for the company's operation. The said document secures the smooth functioning of the business setting out, amongst others, the means for decision-making as well as relevant provisions regarding the share capital.

A limited liability private or public company with shares may adopt the regulations contained in Table A of the First Schedule of the Companies Law as its articles of association or choose to adopt part of these regulations. In the first case, it shall submit a document stating which regulations are to be adopted by the company.

You may use the relevant Articles of Association Model depending on the type of company to be incorporated.

Objects

The objects of the company to be incorporated indicate the nature of business in which it intends to carry out its activities, legally, in the Republic of Cyprus.

Financial statements and annual return

The financial statements shall be presented to the general meeting no later than eighteen months (18) after the incorporation of the company, and subsequently at least once (1) per calendar year.

The annual return is prepared up to the company's reference date and is delivered for filing to the Registrar of Companies together with the financial statements, within twenty-eight (28) days from its drafting date.

Annual fee

Every year, by June 30th, all companies registered in the register of the Registrar of Companies must pay an annual fee of three hundred and fifty euros (€350).

A company which does not pay the annual fee by this date but pays this annual fee within two (2) months (i.e. by August 31st), is subject to an additional charge of ten percent (10%), while a company that is late but pays the annual fee within a period of five (5) months from June 30th is subject to an additional charge of thirty percent (30%).

It is noted that a company having its registered office address in an occupied or inaccessible area, and which does not carry out any activities in the non-occupied area is not obliged to pay the annual fee.

SOURCES/LITERATURE OF THE UNIT:

[1] [Κλάδος Εταιρειών, Τμήμα Εφόρου Εταιρειών και Διανοητικής Ιδιοκτησίας \(companies.gov.cy\)](http://companies.gov.cy).

UNIT 10.2: WHAT LEGAL FORMS OF COMPANY EXIST, THEIR ADVANTAGES AND DISADVANTAGES?

Content:

- 10.2.1 The most common legal forms of beginner entrepreneurs
- 10.2.2 Differences between Sole trader and Limited liability company

10.2.1 THE MOST COMMON LEGAL FORMS OF BEGINNER ENTREPRENEURS

A **limited liability company (LLC)** is a legal person whose owner may be one or more domestic or foreign legal and natural persons. The owners or members are not responsible for covering for the company's liabilities. There are no mandatory requirements for a minimum share capital for a private limited liability company. Although the registered capital is not required to be paid up, our company registration experts in Cyprus recommend that you do deposit an initial capital for your company of **approximately 1,000 EUR**.

A **sole trader (s.p.)** is a natural person independently pursuing a gainful activity on the market. Registering as a sole trader is quick, easy, and free of charge. No initial capital is required. It is **very important** to be aware that in the case of an s.p., the entrepreneur is liable with all his assets, which means that in the case of the collapse of the business, all obligations are transferred to the entrepreneur.

10.2.1 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY

	Sole trader	Limited liability company
Personal liability	Yes (you are liable with personal property)	NO (you are only liable with invested capital or company capital)
Initial capital	Not required	1000€ (it is recommended)
Establishment	Online at Cypriot Companies Register	Online at Cypriot Companies Register
Profit taxation	20%, 25%, 30%, 35% (income scale)	Corporate income tax - 19 %

UNIT 10.3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

10.3.1 How to establish a “Limited liability company” in Cyprus

10.3.2 How to establish a “Sole trader” in Cyprus

10.3.1 HOW TO ESTABLISH A “LIMITED LIABILITY COMPANY” IN CYPRUS

Once your **proposed name has been approved** and provided that you have taken the relevant **decisions regarding the establishment of your company**, you may proceed with the submission of the application for the company’s incorporation, either via e-filing or by hand/via post.

Online Company Registration

Regardless of the type of company you have chosen, you may submit your request online through the Registrar of Companies’ **e-filing system**, along with:

- a statutory declaration (**form HE1**) signed and sworn before the court by the entrusted lawyer;
- the **memorandum and articles of association** in accordance with the proposed type of the company, duly signed in the Greek language. It is noted that, in case a private or public limited liability company with shares chooses to adopt, as its articles of association, the regulations contained in **Table A of Schedule I of the Companies’ Law**, a relevant document should be submitted which refers to the title of the regulations that are being adopted;
- the **solemn declaration of witness of signatures**;
- a certified translation of the memorandum and articles of association in a language other than Greek, either by an affidavit or by **sworn translator** of the Republic of Cyprus, in case you wish to **create a file of translations** for obtaining certified copies of the memorandum and articles of association in a foreign language;
- permission, consent or pre-approval by the appropriate governmental authority or appropriate body in case it is necessary for the use of **words or phrases** and/or due to the **nature of business** respectively, in case it has not been submitted already with the application for name approval; and
- the amount of one hundred and sixty-five euros (€165) or the amount of two hundred and thirty-five euros (€235) in the case of a company without a share capital, payable by credit card.

To accelerate the company registration process, an additional fee of one hundred euros (€100) is paid. In case a file of translations is created, an additional fee of one hundred and sixty euros (€160) is paid.

In case a **public company** will be incorporated, the submission of **form HE5** is also required, with the payment of an additional fee of twenty euros (€20).

Certificate of Incorporation

Provided that the Registrar of Companies is satisfied that all relevant legal requirements for the registration of the company, have been met, he will proceed with the publication of the Company's registration to the **Official Gazette** and the issuance of the certificate of incorporation.

The issuance of the certificate of incorporation marks the beginning of the company's legal existence and it constitutes undisputable evidence that all the legal requirements regarding its registration, as well as all relevant steps preceding its registration have been complied with. The company's registration number is stated on the certificate of incorporation.

The certificate of incorporation may be obtained via e-filing (in case of electronic submission of the application), from the **Department's mail boxes**, from the **Point of Single Contact Cyprus**, or by post.

Certified Copies

Optionally, by paying the amount of one hundred and twenty euros (€120) accompanied with a certified copy of the memorandum and articles of association, or at the cost of one hundred and thirty euros (€130) if no copy is attached, the following certificates/certified copies of the company are issued:

- Certificate of Shareholders;
- Certificate of Directors and Secretary;
- Certificate of the Registered Office Address;
- Certified copy of the Company's Memorandum and Articles of Association;
- Certified copy of the Certificate of Incorporation.

If the accelerated process is chosen the above certificates/certified copies can be issued, faster, at the additional cost of one hundred euros (€100).

The certificates and certified true copies that are issued electronically are marked with an authenticity code. The **authenticity of documents** can be verified electronically for a period of ninety (90) days from the date of issue.

Registration at the Tax Department

Every company is obliged, within sixty (60) days from the date of its incorporation, to **apply for Taxpayer's registration** with the Tax Department and to obtain a tax number.

At the same time, any natural or legal person residing or is registered in the Republic of Cyprus, that has made taxable supplies of goods and services within the last twelve (12) consecutive months or will be making such taxable supplies of goods and services over the amount of €15.600 in the next thirty (30) days, is required to submit a supplementary form for VAT Registration.

Registration at the Social Insurance Services

Every employer is required to register with the Social Insurance Services by submitting the application form for **employer registration**. When the employer has branches in different districts or deals with more than one economic activity, he/she must register separately for each district or activity.

Registration of Trademark

You are advised to **register your business' trademark** with the Intellectual and Industrial Property Section so that you can differentiate your products and services in the market.

Corporate Compliance

The company and every officer of the company, has an obligation to inform the Registrar of Companies of any changes to the company's particulars, such as change of name, change of directors and secretary details, changes in share capital, change of registered office address, registration of charges over the assets of the company, amendments of its memorandum and/or articles of association, etc.

At the same time, once every calendar year, the company must prepare its **annual return** up to and including its **reference date**, and submit it to the Registrar of Companies along with its a copy of the company's financial statements.

At the end of each tax year, the company must prepare audited financial statements and submit them along with the tax return to the **Tax Department**.

Additionally, it should be noted that every company is obliged to pay an **annual fee** equal to the amount of three hundred and fifty euros (€350), by the 30th of June of each year.

UNIT 10.3.2 HOW TO ESTABLISH A "SOLE TRADER" IN CYPRUS

Steps for registering a sole trader in Cyprus:

- Selecting a **name** for the business and submitting it for approval with the Cyprus Companies Registrar;
- Filing the **registration application** with the Trade Register in Cyprus, just like in the case of companies;
- Setting up the **business' bank account** (the sole trader needs to have a different account than the owner's bank account);
- Applying for the necessary **business licenses** for the Cypriot sole trader, if required;
- Registration with the local **tax authorities** for the income and value added taxes (the tax and VAT numbers will be issued);
- Registering for **social security** purposes is also mandatory in the case of sole traders in Cyprus.

Choosing a name for a Cypriot sole proprietorship

One of the most important requirements related to **opening a sole trader in Cyprus** is related to the name of the business. The particularity of the sole proprietorship is that it can complete its activities under the owner's real name or by registering a trade name. There is no difference between those choosing to operate under their own name and those deciding for a trade name, like in the case of **Cypriot companies**.

No matter the business name, an approval from the Business Register is required at the time of **registration of the sole trader**.

Opening a bank account in Cyprus

After having registered the sole trader and its opening with the relevant governmental bodies, you will be able to set up a bank account, which is effectuated in a rather simple procedure. The documents necessary to do that, although these may vary depending on each bank, usually are:

- the incorporation certificate of the business
- a Memorandum copy and a copy of the Articles of Association, if applicable
- a proof of the registered address of the company.

Taxation of sole proprietorships in Cyprus

When it comes to the **taxation of a Cypriot sole trader** it is important to know that it can be taxed as a local or a foreign business. In the case of a local business, **the sole trader will be taxed as an individual** on his or her worldwide income, while as a foreign business, it will be taxed only on the income generated in Cyprus. It should be noted, though, that the last situation is rarely met here.

Example of good practice:

>> Self-Employment in Cyprus

- The [commercial legislation](#) stipulates that **sole traders** and **self-employed individuals** are not required to perform an [audit on the company](#).
- However, this is applicable only in the situation in which the **company's annual turnover** does not exceed 70,000 euros.
- Our [team of attorneys in Cyprus](#) can offer more details on this matter.



SOURCES/LITERATURE OF THE UNIT:

[1] Setting Up a Sole Trader in Cyprus. (n.d.). [web log]. Retrieved February 21, 2023, from Setting Up a Sole Trader in Cyprus (lawyers-cyprus.com).



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - PORTUGAL

Module number: 10

PORTUGAL

Module author for Portugal: Epralima

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of the legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Portugal.

Learning objectives / outcomes:

- Understand the key decisions before formally setting up a business.
- Know the most common legal forms for starting your own business and how to choose a suitable form.
- Identify the strengths and weaknesses of each legal form of the company.
- Know where and how to register a company.

UNIT 10.1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

- 10.1.1 How to choose a company name?
- 10.1.2 Determine the representative of the company
- 10.1.3 Determine the registered office of the company
- 10.1.4 Activities of the company

10.1.1 HOW TO CHOOSE COMPANY NAME?

The company name must clearly differ from the names of other companies. Prior to registration, verify that the name is different in the Online Company/Commercial Registry Services (<https://eportugal.gov.pt>). At the same time, the name of the company can have a specific meaning, represent the brand of the company or be fantasy. When choosing a name, it is necessary to consider memorability, recognition, and likability. In the case of doing business in foreign markets, it is also necessary to check whether it has any meaning in the language or slang. In case of registration of the

legal form “sole traders” the name of the company must contain the first and last name of the founder.

10.1.2 DETERMINE THE REPRESENTATIVE OF THE COMPANY

All types of companies (except sole traders) must appoint at least one company director. Several directors and an additional procurator can be appointed. A director who is not employed, and is not a student or retired, must be employed by the company.

10.1.3 DETERMINE THE REGISTERED OFFICE OF THE COMPANY

The head office and business address of the company must be set up before the company is established. If the company does not own the premises where it will be registered, the founder of the company must obtain permission from the owner of the property. The head office is the place where the company's activities are performed. The business address is also located at the head office (street and number).

10.1.4 ACTIVITIES OF THE COMPANY

The SEA - Service for Economic Activity (<https://eportugal.gov.pt/inicio/espaco-empresa/balcao-do-empendedor>) includes all possible activities that companies can engage in.

In the case of some activities, certain conditions need to be fulfilled before starting. The business must obtain permits or ensure operations are carried out by a fully qualified person. These conditions are known as entry conditions. Some activities do not have any conditions - they are not regulated. Entry conditions can be checked and verified in the list of regulated activities.

Example of good practice:

- Video - Interview with an entrepreneur (<https://empreendedores.pt/rafael-ferreira/>)

Exercise/ Assessment of the Unit:

- Determine the name, headquarters, and activities of the company. Check the company name on the Online Company/Commercial Registry Services (<https://eportugal.gov.pt>) and activities in the SEA database (<https://eportugal.gov.pt/inicio/espaco-empresa/balcao-do-empendedor>).

SOURCES/LITERATURE OF THE UNIT:

[1] Empreendedores (2019, August 20). *How a personal need gave rise to real estate group... at age 21*. Video. You Tube. <https://www.youtube.com/watch?v=f86nW8tR9B4&t=25s>.

[2] Empreendedores. (2019, August 20). *How a personal need gave rise to a real estate group... at age 21*, retrieved from <https://empreendedores.pt/>.

[3] Portuguese Public Service Portal. (n.d.). On-line Company/Commercial Registry Services at <https://eportugal.gov.pt/espaco-empresa/empresa-online>.

[4] Portuguese Public Service Portal. (n.d.). <https://eportugal.gov.pt>.

[5] Portuguese Legal Services. (2022, March 02). Creating a company is becoming easier, faster, and more convenient. The Empresa na Hora service reduces bureaucracy and streamlines the process, retrieved from <https://justica.gov.pt/Servicos/Empresa-na-Hora>.

[6] Portuguese Public Service Portal. (n.d.). Entrepreneur's Desk/Services for Economic Activity, retrieved from <https://eportugal.gov.pt/inicio/espaco-empresa/balcao-do-empreendedor>.

UNIT 10.2: WHAT LEGAL FORMS OF COMPANIES EXIST IN PORTUGAL: ADVANTAGES, AND DISADVANTAGES?

Content:

- 10.2.1 The most common legal forms of enterprises in Portugal
- 10.2.2 Sole trader or independent professional
- 10.2.3 Limited liability company (d.o.o.)
- 10.2.4 Differences between Sole trader and Limited liability company in Portugal

10.2.1 THE MOST COMMON LEGAL FORMS OF ENTERPRISES IN PORTUGAL

There are different company statuses in Portugal. Some can be created in a simple way by a single representative and others in a more complex way with different representatives.

Individually constituted companies (Sole Trader s.p.)

Individual company (Empresário em Nome Individual): company in which a person allocates his own property to the exploitation of his economic activity, in which the liability of the shareholder is unlimited.

Limited liability individual company (Estabelecimento Individual de Responsabilidade Limitada): consists of a single person with limited liability for part of its assets.

Individual quota company (Sociedade Unipessoal por Quotas): a company with a single shareholder with liability limited to the value of the subscribed quota. It is mandatory that the company has in its name the expression “Sociedade Unipessoal” or Unipessoal before the word “limited” or “Lda”.

Collective companies (Companies constituted by more than one person)

General partnership (Sociedades em Nome Coletivo): a company made up of more than one partner with subsidiary liability towards the general partnership and joint and several liability with the other partners.

Quota company (Sociedades por Quotas): a company formed by a minimum of 2 shareholders with responsibilities limited to the shares subscribed. “Limited” or “Lda” must be added to the company’s name.

Public limited company (Sociedade Anónima): a company incorporated with a minimum of 5 shareholders, with a minimum share capital of 50,000 euros and a minimum nominal value of 1 euro. The liability of the shareholders is limited to the value of the subscribed shares. The name of the company must include the expression “Sociedade Anónima” or “SA”.

Limited partnership (Sociedade em Comandita): the limited partners have limited liability on their registrations and the general partners are liable for the debts of the partnership under the same conditions as the general partnership. The words “em comandita” or “Comandita”, “em comandita por ações” or “comandita por ações” must be added in the name of the company. These companies in Portugal can be Simple or by shares.

10.2.2 SOLE TRADER OR INDEPENDENT PROFESSIONAL

The sole trader is the simplest business form and also the one with the lowest level of protection for the founder. The entrepreneur is liable for the debts and obligations of the sole proprietorship in Portugal and the liability extends to all private assets. Sole traders are registered for tax purposes with the Portuguese authorities. Entrepreneurs who wish to work as self-employed individuals should have the proper qualifications and certificates for their business. Moreover, for foreign sole traders, these must be recognized in Portugal.

Advantages

- Total owner control over the business;
- Possibility of reducing tax costs;
- Constitution and simple dissolution;
- No minimum share capital.

Disadvantages

- Risk associated with merging the company’s assets with the owner’s personal assets;
- Difficulty obtaining credits for funds.

10.2.3 LIMITED LIABILITY COMPANY (D.O.O.)

There are two different forms of Limited Liability Company in Portugal. While some appear to be similar at first glance, they have important differences that matter to the future of the business.

A New Company:

Individual investors or companies use the limited liability company (LLC), known as Sociedade por Quotas (Lda), as their corporate form. It implies a minimum share capital, and only cash or in-kind capital contributions are permitted. Shareholders are not personally liable for the debts of the company, but rather for their contributions to the share capital. However, the partners are jointly and severally liable for all the contributions provided for in the statutes. Foreign investors must abide by the same rules that regulate domestic investment.

A Subsidiary:

These corporate structures are considered a legal entity and can be created by a foreign parent company as a sole owner or in agreement with multiple parties. The entity can hire employees and agree contracts without the approval of the foreign company. Essentially, a subsidiary gives the foreign company limited liability over the company's actions and decisions. So, the parent company's shareholders are not personally liable for things such as the subsidiary's debt. However, the company's statutes state that shareholders are liable for matters like liabilities or servicing debts.

Advantages

- Separation of the company's assets with the personal assets of the partners, the latter not being liable for the company's debts;
- Diversification of experiences and knowledge of the different partners;
- Easier to arrange funds and investments.

Disadvantages

- There is no absolute control of the company by an entrepreneur;
- A partner can be called by the creditors to answer for the entire capital;
- Greater complexity in the incorporation and dissolution of the company;
- Partners cannot charge their business losses to their IRS;
- Existence of a minimum share capital.

10.2.4 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY IN PORTUGAL

	Sole trader	Limited liability company
Personal liability	Yes (liable with personal property)	No (Only the assets associated with the economic activity are liable)
Initial capital	Not required	The amount of share capital is freely fixed in the articles of the contract, corresponding to the sum of the shares subscribed by the partners (min. 2€/ 1€ for sole proprietor)
Establishment	In-person	In-person or free online
Portugal Corporate TAX	Can benefit from VAT exemption, as long as it is part of the simplified tax regime and does not exceed €10,000.00 of annual turnover.	21%
Accounting	Simplified system / organised accounting	Organized accounting

Example of good practice:

- Video - The power of ecotourism in Portugal | Sustainable Destination/
<https://www.youtube.com/watch?v=7wtyAx9mUWg>

Exercise/ Assessment of the Unit:

A multiple-choice questionnaire will be applied regarding the content of the unit, after its completion, the participant must have at least 70% of the answers correct (correct answers will be provided). For example:

- Which legal form of company in Portugal offers its shareholders limited liability protection?
 - General Partnership.
 - Limited Liability Company (LLC).**
 - Sole Proprietorship
 - All of the above.
- Which legal form of company in Portugal requires a minimum of two shareholders?
 - Limited Liability Company (LLC)
 - Public Limited Company(PLC)
 - General Partnership**
 - Sole Proprietorship
- What is an advantage of being a sole trader in Portugal?
 - Limited liability protection for the owner
 - Direct control by the owner**
 - Access to capital markets
 - Reduced regulatory compliance requirements

SOURCES/LITERATURE OF THE UNIT:

- [1] Bellion Partners. (n.d.). *Portugal Taxation of Business Income*, retrieved from <https://www.bellionpartners.com/taxation-of-business-income>.
- [2] Brands Channel. (n.d.). *The power of EcoTourism in Portugal/Sustainable Destination*. Vídeo. YouTube. <https://www.youtube.com/watch?v=7wtyAx9mUWg>.
- [3] Castro, Luiza. (2022, March 25). *How to Create a Business in Portugal: Limited Liability Companies*, retrieved from <https://www.lexidy.com/blog/how-to-create-a-business-in-portugal-limited-liability-companies/>.
- [3] Richardson, Federico. (2019, June 3). *Setting Up a Sole Trader in Portugal*, retrieved from <https://www.lawyers-portugal.com/setting-up-a-sole-trader-in-portugal>.
- [4] Simões, Humberto. (n.d.). *Legal and tax aspects to take into account when opening your business*, retrieved from https://www.oestecim.pt/_uploads/Apresentacoes/ApresentacaoHumbertSimoes_28032017.pdf.
- [5] Shev, Iryna. (n.d.) *What types of companies can be formed?*, retrieved from <https://pme.pt/tipos-empresas-formas-juridicas/>.

UNIT 10.3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

- 10.3.1 How to establish a company in Portugal?
- 10.3.2 How to establish a “Sole trader” or “Independent professional”?
- 10.3.3 How to establish a “Limited liability company”?

10.3.1 HOW TO ESTABLISH A COMPANY IN PORTUGAL?

It's quite easy to set up a business in Portugal. If you are an EU citizen, you only have to sign up for taxes and acquire a registration certificate. Residents from outside the EU, however, will need to apply for a visa before starting a business in Portugal or even finding a job. Furthermore, if you're not familiar with the Portuguese language yet, it may be worth reaching out to an accountant to deal with the legal requirements.

10.3.2 HOW TO ESTABLISH A “SOLE TRADER” OR “INDEPENDENT PROFESSIONAL”?

There are a few document requirements to register a sole proprietorship in Portugal:

- Portuguese residency card;

- A tax Number (NIF—Número de Identificação Fiscal in Portuguese), assigned by the Portuguese Tax Office;
- Social Security Number, assigned by the Portuguese Social Security institution.

10.3.3 HOW TO ESTABLISH A “LIMITED LIABILITY COMPANY”?

To open a Limited Liability Company in Portugal, the first step is gathering the right paperwork, which is as follows:

- Request a Tax ID number (NIF) for you, your partners and/or administrators;
- Submit a valid company name with the National Registry of Legal Entities (RNPC);
- Draft the company’s Articles of Association;
- File for the company’s registration with the RNPC;
- Open a company bank account;
- Appoint a Chartered Accountant to submit the start-up declaration for tax and Social Security purposes;
- Prepare and file the Beneficial Owner declaration. Companies must inform the Central Registration of Effective Beneficiary (*Registo Central de Beneficiário Efetivo*) who the company’s owners, or beneficiaries, are within a month of creating the company.

Example of good practice:

- Video: The registration process: https://www.youtube.com/watch?v=F_9CCgD1pDY

Exercise/ Assessment of the Unit:

- Execution of the proforma registration either in-person or through the online portal.

SOURCES/LITERATURE OF THE UNIT:

[1] High Value Consulting. (n.d.). *How to Open a Company in Portugal - Step by Step*. Vídeo. YouTube. https://www.youtube.com/watch?v=F_9CCgD1pDY.

[2] Portuguese Legal Services. (2022, March 02). Creating a company is becoming easier, faster, and more convenient. The Empresa na Hora service reduces bureaucracy and streamlines the process, retrieved from <https://justica.gov.pt/Servicos/Empresa-na-Hora>.

[3] Portuguese Public Service Portal. (n.d.). <https://eportugal.gov.pt>.

[4] Richardson, Federico. (2022, November 19). *Setting Up LDA in Portugal*, retrieved from <https://www.companyformationportugal.com/set-up-lda-in-portugal>.

[5] Richardson, Federico. (2019, June 3). *Setting Up a Sole Trader in Portugal*, retrieved from <https://www.lawyers-portugal.com/setting-up-a-sole-trader-in-portugal>.

[6] Simic, Anja (2021, September 29). *How to register as a Sole Trader in Portugal*, retrieved from <https://www.deel.com/blog/how-to-set-up-as-a-sole-trader-in-portugal>.



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - GREECE

Module number: 10

GREECE

Module author for Greece: EUROtraining

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the two key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Greece.

Learning objectives / outcomes:

- Understanding the key decisions before formally setting up a business.
- Know the most common legal forms for starting your own business and how to choose a suitable form.
- Identify the strengths, and weaknesses of each legal form of the company.
- Where and how to register a company.

UNIT 10.1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

- 10.1.1 How to choose a company name?
- 10.1.2 Determine the representative of the company
- 10.1.3 Determine the registered office of the company
- 10.1.4 Activities of the company

10.1.1 HOW TO CHOOSE COMPANY NAME?

The company name must clearly differ from the names of other companies. Prior to registration, verify that the name is different in the Directorate of Trade Marks of the General Secretariat of Commerce and Consumer Protection of the Ministry of Development and Investment (<https://www.gov.gr/sdg/starting-running-and-closing-business/intellectual-property-rights/trademarks/filing-and-registration-of-trade-mark>) At the same time, the name of the company can have a specific meaning, represent the brand of the company or be fantasy. When choosing a

name, it is necessary to consider memorability, recognition, and likability. In the case of doing business in foreign markets, it is also necessary to check whether it has any meaning in the language or slang. In case of registration of the legal form “sole traders” the name of the company must contain the first and last name of the founder.

10.1.2 DETERMINE THE REPRESENTATIVE OF THE COMPANY

All types of companies (except sole traders) must appoint at least one company director. Several directors and an additional procurator can be appointed. A director who is not employed, and is not a student or retired, must be employed by the company.

10.1.3 DETERMINE THE REGISTERED OFFICE OF THE COMPANY

The head office and business address of the company must be set up before the company is established. If the company does not own the premises where it will be registered, the founder of the company must obtain permission from the owner of the property. The head office is the place where the company's activities are performed. The business address is also located at the head office (street and number).

10.1.4 ACTIVITIES OF THE COMPANY

The BAS - Business activity services (<https://www.gov.gr/ipiresies/epikheirematike-drasterioteta>) includes all possible activities that companies can engage in.

In the case of some activities, certain conditions need to be fulfilled before starting to trade. The business must obtain permits or ensure operations are carried out by a fully qualified person. These conditions are known as entry conditions. Some activities do not have any conditions - they are not regulated. Entry conditions can be checked and verified in the list of regulated activities.

Example of good practice:

- Video - interview with an entrepreneur
<https://www.startupgrind.com/events/details/startup-grind-athens-presents-dimitris-melachroinos-spitogatos/>

Exercise/ Assessment of the Unit:

- Determine the name, headquarters, and activities of the company. Check the company name and activities in the in the Directorate of Trade Marks of the General Secretariat of Commerce and Consumer Protection of the Ministry of Development and Investment (<https://www.gov.gr/>) and <https://www.gov.gr/en/sdg/starting-running-and-closing->

[business/intellectual-property-rights/trademarks/filing-and-registration-of-trade-mark/database](#).

SOURCES/LITERATURE OF THE UNIT:

[1] Official website of digital services of the Greek Ministries, <https://www.gov.gr/>.

[2] Official website of the Ministry of Development and Investments, *Filing and registration of a trade mark* <https://www.gov.gr/en/sdg/starting-running-and-closing-business/intellectual-property-rights/trademarks/filing-and-registration-of-trade-mark/>.

[3] Official website of the Ministry of Development and Investments, *Set up a company* <https://www.gov.gr/ipiresies/epikheirematike-drasterioteta/enarxe-kai-luse-epikheireses/sustase-epikheireses>.

[4] Official website of the National Registry of Administrative Public Services, *Establishment of a Limited Liability Company through the One Stop Service*. https://en.mitos.gov.gr/index.php/%CE%94%CE%94:Establishment_of_a_Limited_Liability_Company_through_the_One_Stop_Service.

UNIT 10.2: WHAT LEGAL FORMS OF COMPANY EXIST, THEIR ADVANTAGES AND DISADVANTAGES?

Content:

10.2.1 The most common legal forms of beginner entrepreneurs in Greece

10.2.2 Sole trader or Independent professional?

10.2.3 Limited liability company

10.2.4 Differences between Sole trader and Limited liability company in Greece

10.2.1 THE MOST COMMON LEGAL FORMS OF BEGINNER ENTREPRENEURS IN GREECE

There are different company statuses in Greece. Some can be created in a simple way by a single representative and others in a more complex way with different representatives. The legal forms for carrying out a business in Greece are:

(i) **Personal companies:**

- **General partnership (*Omorithmi Etairia*):** an association of two or more (natural or legal) persons, who are jointly and severally liable against third parties for the partnership's obligations. Such liability is considered as personal, direct, and unlimited.
- **Limited partnership (*Eterorythmi Etairia*):** is similar in all respects to the general partnership, except that at least one of the partners (limited partner) must have limited liability, while another one of the partners (general partner) must have unlimited liability.

(ii) **Capital companies:**

- **Limited liability company or Single Member L.L.C (*Etairia Periorismenis Euthinis h' Monoprosopi*):** is a common form of business incorporation for small and medium-sized enterprises in Greece. Such a company has legal personality

and is responsible to third parties for its debts using its assets. The partners of such company are personally liable up to the amount of their contributed capital.

- **Private company (*Idiotiki Kefalaouchiki Etairia*):** is the most popular form of business incorporation for small and medium-sized enterprises in Greece. Such a company has legal personality and is responsible to third parties for its debts using its assets. The personal liability of its members, except for those with guaranteed contribution, is limited up to the amount of their contributed capital.
- **Company Limited by Shares - Société anonyme (*Anonymi Etairia*):** is extensively used as the most common legal type in Greece. Such a company has legal personality and is responsible to third parties for its debts using its assets. Shareholders; liability is limited to the amount of their contributed capital.

(iii) **Other business structures:**

- **Joint venture (*Koinopraxia*):** does not have a legal personality and is forms in commercial practice for the purpose of coordinating of individuals or legal entities in pursuing and carrying out a specific project. When registered with the General Commercial Registry (Γ.Ε.ΜΗ) or appears outwards, it is considered as a union of persons and acquires legal capacity and bankruptcy ability.
- **Office/company of Law 89 (*Grafio/ Etairia toy Nomou 89*):** is established by foreign companies with the purpose of providing to their head offices or to their foreign affiliates exclusive services, namely consulting services, centralized accounting support, quality control of production, procedures and services, preparation of studies, designs and contracts, advertising and marketing services, data processing, receipt and supply of information, and research and development services to their head offices or to their affiliates that are not established in Greece, via bank remittances.
- **Branch office (*Ypokatastimata*):** does not have an independent or separate legal entity from its parent company. The branch office is managed by the legal representative that is appointed by the foreign company. The legal representative represents and acts in the name of the foreign company in Greece.

10.2.2 SOLE TRADER OR INDEPENDENT PROFESSIONAL?

A **sole trader** in Greece often called a “freelancer professional”, is a self-employed individual who is personally liable for any activities they perform during their business. The process to register yourself as a freelance professional is streamlined and easy, making it one of the most popular forms of small business in Greece. However, it’s important to note you should not engage in any freelance activities until your registration is complete.

Advantages:

- This form of enterprise is easy to set up, gives high flexibility and initiative to entrepreneur as regards the enterprise decisions, the type of activity involved, the selection of the adopted technical methods and, up to a point, the volume production.

Disadvantages:

- The entrepreneur is wholly responsible for any liability for taxes and debts in general. There is no minimum capital requirement.

10.2.3 LIMITED LIABILITY COMPANY

A limited liability company (LLC) is a commercial company by law, even if its Articles of Association do not state that it has a commercial object and irrespective of the business purpose pursued by its directors and partners. One or two partners are required for the formation of a limited liability company. A limited liability company is liable for its debts with its assets. The personal liability of the partners cannot be engaged and liability is limited to the amounts contributed by each partner in return for its portions of participation.

The advantages of a limited liability company are mainly the following:

- Limited liability of all partners
- Absence of minimum initial capital
- Suitable for small and medium size businesses
- Option to prohibit transfer of company's shares
- Flexibility to define the shareholders' relationships
- Quick and easy establishment

The disadvantages of a limited liability company are as follows:

- It is necessary to pay the share capital
- The payment of profits is heavily taxed
- Higher operating costs
- Inability to raise capital from the capital market
- Compliance with strict accounting - auditing rules and publicity conditions

10.2.4 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY IN GREECE

	Sole trader	Limited liability company
Personal liability	Yes (you are liable with personal property)	NO (you are only liable with invested capital or company capital)
Initial capital	Not required	Absence of minimum initial capital, but it compulsory to agree on a specific amount (shared among the partners, must be paid entirely in cash or in kind, however at least 50% of the capital must be paid in cash)
Establishment	Free; online / SPOT	Free at SPOT, must be defined within a municipality or community of the Greek territory.
Profit taxation	9%, 22%, 28%, 36%, 44% (income scale) 4,5% for the new entrepreneur	Corporate income tax - 22 % Dividend Tax Rate = 5%

Bookkeeping	Real costs Simple bookkeeping	Normalized expenses Double-entry bookkeeping
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Example of good practice:

- Video - KPMG CX & Loyalty Conference- Highlights/ Example of Limited liability company
https://www.youtube.com/watch?v=YwXn_Pg_xkQ.

Exercise/ Assessment of the Unit:

- Based on a specific business idea, develop a business plan by selecting a type of company that will best address the needs of the objectives, describing the advantages and disadvantages they will face.
- Create a quiz with multiple-choice questions, highlighting the difference and similarities among the companies' types.

SOURCES/LITERATURE OF THE UNIT:

[1] Enterprise Greece, Invest & Trade, *Setting up a Company in Greece*, Athens
<https://www.enterprisegreece.gov.gr/images/public/pdf-files/Setting-up-a-Company-in-Greece.pdf>.

[2] Your Confidence Accounting & Advisory, *Doing Business in Greece*, Athens
https://www.yourc.gr/files/YC_Doing-Business-in-Greece.pdf.

[3] Official website of the National Registry of Administrative Public Services, *Establishment of a Limited Liability Company through the One Stop Service*.
https://en.mitos.gov.gr/index.php/%CE%94%CE%94:Establishment_of_a_Limited_Liability_Company_through_the_One_Stop_Service.

[4] Official website of the Ministry Of Development and Investments, *General Registry*,
<https://www.businessportal.gr/>.

UNIT 10.3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

- 10.3.1 How the establish a company in Greece?
- 10.3.2 How to establish a “Sole trader”?
- 10.3.3 How to establish a “Limited liability company”?

10.3.1 HOW TO ESTABLISH A COMPANY IN GREECE?

The legal framework as well as the digital reformation of the bureaucratic procedures has led to new, easier ways, of company establishment and companies' registration in Greece.

Depending on the legal form and the type of the constitutional documents i.e. notarized document containing the company's Articles of Association or a private document using the "Model AoA" (L. 4441/2016, A' and Ministerial Decision 31637/2017 B') the following options are provided:

a) When the "Model AoA" is used, the one stop shop service for any form of company can be: i) the General Commercial Registry, namely the GE.MI. ii) a Notary public iii) the Electronic One-stop shop Service (e-YMS).

b) When the "Model AoA" is not used, the one-stop shop service for the Company Limited by Shares (Société Anonyme) and the Limited Liability Company (E.P.E.) is a Notary public, while for Personal Companies (O.E. and E.E.) and Private Capital Companies (IKE) the one-stop shop service is either the General Commercial Registry of the competent Chamber of Commerce or a Notary public.

c) In cases where by specific provisions a notarial deed is required for a specific activity or for the transfer of contributions in kind, then, independently of the legal form, the establishment must be done by a notary public.

The typical time required for the establishment of any form of company is two (2) working days.

10.3.2 HOW TO ESTABLISH A "SOLE TRADER"?

This form of enterprise is easy to set up and gives high flexibility and initiative to the entrepreneur as regards the enterprise decisions, the type of activity involved, the selection of the adopted technical methods and, up to a point, the volume of production. On the other hand, the entrepreneur is wholly responsible for any liability for taxes and debts in general. There is no minimum capital requirement. An individual company requires a pre-approval of the company name and the distinctive title by a relevant confirmation of the competent, depending on the type of the business activity, chamber of commerce. Moreover, it requires insurance with the competent obligatory insurer for all self-employed professionals, craftsmen, traders and motorists (<https://www.efka.gov.gr>). The next stage includes the declaration of the commencement of the business activity at the competent tax office (D.O.Y.), where the company is registered. An individual company must then register at the competent chamber of commerce upon a relevant application signed by the undertaking.

10.3.3 HOW TO ESTABLISH A "LIMITED LIABILITY COMPANY"?

Setting up a single-member LLC

An limited partnership may be formed by one, two or more natural persons or legal entities, however a natural person or legal entity, may not be a single-partner of more than one LLC. The structure and operation of the LLC is ruled by the Articles of Association (Statute) which must be executed before a notary public, constitutes a registered public document and must state the following:

- Founders/shareholders: full name, profession, domicile and nationality.

- The company name: the company name of the LLC must either be formed by the name of one or more of its shareholders or by the business object and in all cases must include the additional designation "Limited Liability Company".
- The registered office: must be established within the area of a Greek municipality or community.
- The object of the company: i.e. the kind of business that it will conduct. The equity capital.
- The duration of the company: The company is formed for a fixed period, as stipulated in the statute.
The contribution of each founder.

Example of good practice:

- Video the registration process through the on-line SPOT point:
https://www.canva.com/design/DAFbSngbzIA/vlINDChsH18XMr0zxgFsdw/watch?utm_content=DAFbSngbzIA&utm_campaign=designshare&utm_medium=link&utm_source=publishsharelink

Exercise/ Assessment of the Unit:

- Execution of the proforma registration either in-person or through the online portal.

SOURCES/LITERATURE OF THE UNIT:

[1] Enterprise Greece, Invest & Trade, *Setting up a Company in Greece*, Athens
<https://www.enterprisegreece.gov.gr/images/public/pdf-files/Setting-up-a-Company-in-Greece.pdf>.

[2] Official website of the Ministry of Development and Investments, *How to register a Business in greece* <https://www.gov.gr/en/sdg/starting-running-and-closing-business/registering-changing-legal-form-of-or-closing-business/general/how-to-start-business-in-greece/>.

[3] Official website of the Ministry of Development and Investments
<https://www.mindev.gov.gr/?lang=en>.

[4] Your Confidence Accounting & Advisory, *Doing Business in Greece*, Athens
https://www.yourc.gr/files/YC_Doing-Business-in-Greece.pdf.

[5] Official website of British Hellenic Chamber of Commerce, Establishment of a Limited liability company in Greece <https://www.bhcc.gr/el/nea/nea-tou-epimelhthriou/77-english/useful-info/168-systash-etairias-epe-sthn-ellada>.



MODULE TITLE: LEGAL FORMS AND PROCEDURES FOR ESTABLISHING A COMPANY - POLAND

Module number: 10

POLAND

Module author for Poland: CWEP

Module description:

Every potential entrepreneur faces two key dilemmas. When to start a business and what legal form to choose to achieve optimal success and take advantage of legal form depending on the type of business and customers with whom he/she will do business. The content of the Module presents the decisions an entrepreneur must make before registering a company, the two key legal forms for start-ups/beginners, the advantages and disadvantages of each and the procedures for registration of a company in Poland.

Learning objectives / outcomes:

- Key decisions before formally setting up a business.
- The most common legal forms for starting your own business and how to choose a suitable form, strengths, and weaknesses of each legal form of the company.
- Where and how to register a company.

UNIT 10.1: WHICH DECISIONS NEED TO BE MADE BEFORE THE FORMAL ESTABLISHMENT OF THE COMPANY?

Content:

- 10.1.1 How to choose a company name?
- 10.1.2 Determine the representative of the company
- 10.1.3 Determine the registered office of the company
- 10.1.4 Activities of the company

10.1.1 HOW TO CHOOSE A COMPANY NAME?

Poland has specific guidelines as for choosing the company's name depending what type of company we would like to register. Rules that apply to it can be found here: <https://www.biznes.gov.pl/pl/portal/00117>.

In the case of a **sole trader**, the name must include at least the name of its founder. This needs to be working like this as other business participants should be able to clearly identify who is running a

particular company. Other elements can be added to the name and surname that describe your business profile.

Civil partnership name is not regulated by law in Poland, yet it is advisable that the name of the civil partnership should include at least the first and last names of all the partners, together with the addition of the legal form "civil partnership" or the abbreviation "s.c."

Before choosing the name for your company you need to check if there are no other companies that are using the same name. If you want to find out whether there are already companies with the same or similar name to yours, enter the selected name into the search engine for entrepreneurs in the CEIDG and KRS database. Also check the results for the selected name in the Internet search engine.

10.1.2 DETERMINE THE REPRESENTATIVE OF THE COMPANY

Every shareholder has the right to represent the company. It does not matter whether it is a natural person or a legal entity. The detailed method of representation can be specified in the articles of association.

10.1.3 DETERMINE THE REGISTERED OFFICE OF THE COMPANY

As an entrepreneur subject to registration in CEIDG, you must first of all notify the register of your delivery address, which is the place where you will receive correspondence concerning your business activity. You need to report your permanent address if you have it. The place of conducting business may be specified by the address (street name, building number, flat number). If your business has different locations to the above mentioned, you also need to report it to CEIDG.

10.1.4 ACTIVITIES OF THE COMPANY

Polish Classification of Activities (PKD) is a systematisation of economic activities used in public statistics, record-keeping and accounting.

In the PKD, various industries or economic sectors have been arranged and classified - each entrepreneur should find among them the one which best and closest describes his or her activity.

PKD codes define what is an area of activity for a company and it has five levels of structure.

PKD codes must be used by:

- Sole traders in CEIDG
- Entities that need to register with Polish National Court Register (KRS)

PKD code are provided at the stage when you register your company, both when you apply for entry from CEIDG and when you register with KRS. These codes are the basis for assigning a REGON number by the statistical office.

Codes can be found here: <https://www.biznes.gov.pl/pl/tabela-pkd>.

Example of good practice:

- Video - interview with an entrepreneur
<https://www.youtube.com/watch?v=vT6zycAMjv0&t=1018s>

Exercise/ Assessment of the Unit:

- Determine the name, headquarters, and activities of the company. Check the company name and activities here <https://www.biznes.gov.pl/en/firma/doing-business-in-poland/company-registration-in-poland/what-you-need-to-know-before-registering-your-business72> and <https://www.biznes.gov.pl/pl/tabela-pkd>

SOURCES/LITERATURE OF THE UNIT:

[1] <https://www.biznes.gov.pl/pl>.

[2] <https://www.biznes.gov.pl/pl/portal/00120#3>.

UNIT 10.2: WHAT LEGAL FORMS OF COMPANY EXIST, THEIR ADVANTAGES AND DISADVANTAGES?

Content:

- 10.2.1 The most common legal forms of beginner entrepreneurs
- 10.2.2 Sole trader
- 10.2.3 Limited liability company
- 10.2.4 Differences between Sole trader and Limited liability company

10.2.1 THE MOST COMMON LEGAL FORMS OF BEGINNER ENTREPRENEURS

- Sole trader
- Limited liability company

In order to choose the form of a company there are some things that need to be considered. There are a few differences between a sole trader and commercial companies:

- Are you going to be operating alone or with a partner
- Liability
- Taxation matters
- The minimum capital that is required to set up a company
- Representation of the company
- The place where you register the company's head office

10.2.2 SOLE TRADER

You are able to register a company when you are 18 years old so that you are an adult and you are fully responsible for your actions and have a full decision-making capacity. You need to register your business with the Central Register of Business Activity and Information- **CEIDG**.

However, if you expect the income from your business to be small, such a small business can be carried out without additional formalities.

You can carry out a non-registered activity when:

- Your income does not exceed 50% of the minimum wage
- You do not conduct business as part of a civil partnership
- You have not conducted business activity in the last 60 months
- You do not conduct activity that requires permits and concessions

Benefits will include: a tax relief for the first two years. If you run your own business, you can deduct the costs of running it from your income, e.g., purchase of fuel, mobile phone bills or equipment necessary for work. There is also possibility of paying flat tax (19% regardless of income) and bypassing the second tax threshold. This is particularly beneficial for those with high incomes. Flexible working hours can be a benefit.

10.2.3 LIMITED LIABILITY COMPANY

It may be formed for any legally permissible purpose by one or more shareholders, but may not be formed solely by another single-member limited liability company. This form of business is suitable - for example - for partners who wish to retain direct oversight of the running of the company's affairs and limit the risk to their contribution only. A capital of at least PLN 5,000 is required to establish a limited liability company.

10.2.4 DIFFERENCES BETWEEN SOLE TRADER AND LIMITED LIABILITY COMPANY

	Sole trader	Limited liability company
Personal liability	Yes - there is unlimited liability of the owner for the company's obligations with all of his or her assets.	No - there is unlimited liability of the company for its debts. If the company's assets are insufficient to pay its debts, the members of the management board are liable, with all their assets.
Initial capital	Not required	5 000 zł (can be in cash, funds, or any combination)
Establishment	Free; online / https://www.biznes.gov.pl/pl/opisy-procedur/-/proc/736	Online via the S24 system
Profit taxation	According to the tax scale of 12% or 32% or a flat tax of 19%. Lump-sum taxation: lump sum tax on registered income or tax card (provided that certain criteria are met)	Corporate income tax - 19 %
Bookkeeping	Accounts in the form of a revenue and expense ledger (simplified accounting) as long as the statutory revenue limit of €2 million is not exceeded. Above this limit, full accounting, i.e., start keeping ledgers.	Full accounts keeping Financial statements

Example of good practice:

-

Exercise/ Assessment of the Unit:

- A quiz regarding the business idea, customers, scope of business, which ultimately suggests a suitable legal form

SOURCES/LITERATURE OF THE UNIT:

[1] <https://www.biznes.gov.pl/pl/portal/00166>.

[2]

<https://www.biznes.gov.pl/pl/portal/00171#:~:text=formalnie%20rozwi%C4%85za%C4%87%20firm%C4%99-,W%20jakiej%20formie%20mo%C5%BCesz%20prowadzi%C4%87%20dzia%C5%82alno%C5%9B%C4%87%20w>

[%20Polsce,ograniczon%C4%85%20odpowiedzialno%C5%9Bci%C4%85%20i%20sp%C3%B3%C5%82ka%20akcyjna.](#)

UNIT 10.3: HOW TO PROCEED WITH COMPANY REGISTRATION?

Content:

- 10.3.1 How to establish a company in Poland?
- 10.3.2 How to establish a “Sole trader”?
- 10.3.3 How to establish a “Limited Liability company”?

10.3.1 HOW TO ESTABLISH A COMPANY IN POLAND?

Most activities to establish a company in Poland can be done online. After logging in bizbes.gov.pl you fill in the CEIDG form. This application must be accompanied by a qualified electronic signature, a trusted signature or a personal signature.

The application can also be submitted to any municipality office in person or by registered mail (it must then bear the applicant’s signature certified by a notary public). The entry in CEIDG is made no later than on the next working day after the day the application is submitted.

10.3.2 HOW TO ESTABLISH A “SOLE TRADER”?

A sole trader must be a natural person who is of 18 years of age and is fully responsible for their actions and have full decision-making capacity. You do not need to be a Polish citizen to start a Sole Trade company.

First, you need to register with <https://aplikacja.ceidg.gov.pl/CEIDG/Index.aspx> which is the register of sole traders in Poland. If you expect that the income from your business will be small and will not exceed PLN 1745 in the first half of the year and PLN 1800 in the second half of the year there is no obligation to register. Agri-tourism activities of farmers, wine production of farmers and agriculture retail trade do not have to be registered.

10.3.3 HOW TO ESTABLISH A “LIMITED LIABILITY COMPANY”?

A limited liability company is a very popular legal form of business. Its unquestionable advantage is the considerable security of personal assets of shareholders, who are not liable for the company’s obligations. What is more, its transparent organisational structure, low capital requirements and uncomplicated establishment and operation procedure make limited liability companies worth considering when choosing a form of business.

Limited Liability Company cannot be registered without an agreement. The agreement can be drawn up online or at a notary.

The agreement must include the following information:

- The company's name and registered office
- The object of the business
- The amount of share capital
- Whether a shareholder may have more than one share,
- The number and nominal value of the shares taken up by each shareholder
- The duration of the company, if limited.

This type of a company can also be started by single person. It is called a single-member limited liability company. Next step will be to visit a revenue office and if the agreement was sign at a notary, at a registration court.

Steps to register a Limited Liability Company:

- Signing the agreement
- Setting up a bank account and paying shareholders' money into it. When the agreement is done through S24 system, the capital can only be contributed in cash.
- There is a period of six months to apply for registration (seven days when the company is registered online). If the company fails to meet the deadline, it will be dissolved. The application may be accompanied by a declaration from all shareholders that they have contributed their share of the capital. The latest date to submit such a statement is 7 days after the company is entered in the KRS.
- Within 14 days of concluding the partnership, the tax on civil law transactions (PCC) must be paid and the PCC-3 declaration must be filed with the tax office.
- 21 days from the conclusion of the agreement is for filing the NIP-8 declaration.
- If the company wishes to be a VAT payer, it must register as a taxpayer up to 7 days before concluding the first transaction.

Example of good practice:

- Video the registration process in CEIDG through the following link:
https://www.biznes.gov.pl/pl/e-uslugi/00_0736_00

Exercise/ Assessment of the Unit:

- Execution of the proforma registration through the online portal

SOURCES/LITERATURE OF THE UNIT:

[1] <https://ksiegowosc.infor.pl/obrot-gospodarczy/spolki/5314484,Jak-zalozyc-spolke-z-oo.html>.

[2] <https://www.biznes.gov.pl/pl/porta1/061>.



MODULE TITLE: DESIGNING AN EFFECTIVE PRESENTATION AND PRESENTATION RULES

Module number: 11

Module author: EUROTraining, Christina Stamataki

Module description:

Presentations are one of the most visible forms of professional communication that someone will have to do in the career, especially entrepreneurs who need to promote their work or products. Because of that and the nature of being put “on the spot”, presentations are often high-pressure situations that make people nervous, making it difficult for them to achieve their goals. In addition, there is a lot of information that needs to be mentioned, but in the end the point is lost, causing the audience to lose interest because it is difficult to follow. As with the other skills that entrepreneurs need, the ability to present well is a skill that can be practiced and honed. This Module describes best practices and tips for creating a well-designed presentation and becoming an effective presenter.

Learning objectives / outcomes of the Module:

- Practical advice for becoming a more engaging and effective presenter
- Strategies for developing presentation and designing clear, functional slides

UNIT 11.1: PRESENTATION RULES

Content:

11.1.1 Preparing the presentation - general rules:

11.1.1 PREPARING THE PRESENTATION - GENERAL RULES:

The structure of the presentation is the key of success. All presentations need a structure to support the organization and flow of the content. The structure can be incredibly simple. In fact, the more complicated your material, the simpler your underlying structure can be as you build your content over a clear organizational structure. Here I share some rules on having a simple structure for your presentation.

Rule 1: Plan a clear story.

It is important to have built a narrative following a certain order and avoid detours, tangents or side anecdotes. Amusing anecdotes or specific examples it can be compelling useful tool to engage and connect the speaker to the audience or to clarify something, but it is important to keep it short and to point and not interfere other irrelevant stories to the main one, otherwise the audience will miss the main point.

Rule 2: Provide only one major point per slide.

You have a story to share but in a very short time. Make sure each slide represents a useful step. The simplest of introductions on some of the slides can be clarified to support a challenging step that was taken. This reiteration makes sure that the audience is well-informed enough to follow you to the next slide. Develop your compelling narrative (Rule 1) one step at a time. Support and advancement should be properly balanced.

Rule 3: Limit use of text.

The overarching principle is that an effective talk balances text with visuals and oral explanation. One must provide enough to read but not overwhelm to avoid the audience hurriedly reading throughout the presentation. Better they pay attention to you than to your slide deck.

Rule 4: Use simple visuals text.

Slides advance very rapidly in these talk formats. Identify the key message and avoid superfluous visual elements. Do not cut and paste figures prepared for written papers because the risk of losing the audience in a rapid talk is too great if they are expected to search, parse, or mentally rotate elements such as labels. Simplify data visualizations as needed and use colour to show groupings and patterns. Visual guides and colour are allowed here and not necessarily bound by the same rules as papers. Explicitly direct the audience to the key attribute of the visual you wish to highlight because there is no time for them to search for this visual point on each slide. Furthermore, if you choose to let the audience search on some slides, limit the number of slides that require more than cursory processing to one. For instance, use a single, relatively more complex visual slide to present the key figure showing the major quantitative finding of the study. A planned pause from rapid speaking is a powerful technique for the audience to catch their collective breath and absorb this slide. Expecting an audience to do this 20 times in short order is unreasonable, and they will tune out. Use a separate slide to state the significance or interpretation for this finding and then begin speaking anew.

Rule 5: Develop a consistent theme.

Be consistent in terms of style, graphic design, language, and images. This will ensure that the audience can spend time editing and scanning each slide for the important elements that change, not those that do not explain, support the science, or advance the main purpose of the presentation. "Branding" your presentation and your science message is important. Use this consistency to reinforce the importance of your brand (and therefore indirectly your message). Do not develop your brand using ready-made templates. These templates may be attractive, but they generally don't support the specifics of your speech and are often unnecessary decoration.

Rule 6: Repeat critical messages twice using different visuals.

It is very easy to miss the main message in a rapid-fire presentation, even more so than in a more traditional speech. It takes only 15 to 20 seconds to summarize the key finding or consequence on a single slide, which is extremely little time. Consider restating the main finding or inference in a simpler manner in a following slide by using a visual analogue, metaphor, or metaphor. In these forms, it's usually assumed that you won't copy and paste the same slide twice to buy yourself more time (i.e., cheat), but you can use a new slide to reiterate or expand the main finding. In short presentations, three feels like a throng and is overly repetitious. Limit yourself to just one repeat.

Rule 7: Use the principle of parsimony in explanations.

Exactitude is a virtue in both science and writing [13]. Determine which ideas need clarification and which don't. Use clear answers after that. Make sure the procedure or result calls for that justification. Showing a result and keeping your speech to a minimum (Rule 4 for visuals in particular) can be an effective way to highlight significance. The additional advantage of using this method is that it gives the audience "space" to think—even for a moment—without being interrupted by the speaker's ongoing conversation. Some patterns and procedures need little to no justification. Use precisely that amount. For the suggested process, statistics, field sampling, experimental design, and implementation strategy should be described in no more than two succinct sentences within a 15-20 second time frame.

Rule 8: Allocate more than one slide to effectively end the narrative.

In a presentation of 20 slides, start wrapping up the main (and only) narrative arc on slides 16-17. When used sparingly—if at all—an abrupt end to a presentation can be an effective way to startle or shock the audience. The potential for acceptance and reconciliation with the methods and meanings put forth is sacrificed in favour of this technique. Please don't abandon the viewers hanging. A sudden end unnecessarily marks the end of a discussion and dialog because it is normal for the audience to mentally match the speaker's pacing and tempo.

Rule 9: Use the final slide for contact information and links to additional resources.

Comparing the overall presentation time to most conventional oral papers at scholarly conferences, it is most likely a third or less. Additionally, many rapid-fire series don't leave enough time at the conclusion of each presentation for questions or feedback. This slide should include links to your website, email, and social media profiles. By using these connections, you can draw from your larger body of work and ideas and offer a point of contact for inquiries. Another trade secret is to post the PowerPoint deck online and include a link to it in the presentation's closing remarks. Thus, if they choose, the audience will be able to follow along and take their time looking over the images. Recognize significant help, motivation, and partners.

Rule 10: Use timed practice.

Even for skilled speakers, speaking swiftly and coherently is not always a certainty. For several of these quick formats, the slides must progress independently of the speaker. Work on your time by using your chosen application (i.e., with auto-advance enabled via transitions between slides). Many of the following general strategies should be used during effective practice: stand up, talk aloud, perform numerous times without notes or text, invite an audience, film the performance, experiment with planned pauses, and change the speed to adjust for nerves or delays on the big day. Another

typical technique for speeches that go quickly is to practice with a few fewer seconds allotted for each slide to account for projection lags, audience reactions, or your movement on stage.

Example of good practice:

- I ask Yoda questions about presentations & simplicity:
<https://www.youtube.com/watch?v=BblQwOfH8Dg>

Exercises/ Assessment of the Unit:

This exercise is designed to help you acquire presentation planning skills and improve your communication skills in order to better present your work or products.

Pick a specific topic and organize your presentation. The first move is to build the body, define the purpose, clarify the type of presentation in order to address the core point. Then you need to define the specific steps in order to organize your presentation and design a narrative up to the conclusions. The main point is to transfer your ideas into slides, make them clear and organize your time.

SOURCES/LITERATURE OF THE UNIT:

[1] Roberto Cipolla, *How to prepare and deliver a presentation*, Department of Engineering, University of Cambridge.

https://www.academia.edu/83263689/How_to_prepare_and_deliver_a_presentation.

[2] M Shepherd, *how to give an effective presentation using PowerPoint*, John Wiley&Sons, EDN Winter 2006 Vol.3 No. 3

https://www.academia.edu/29912499/How_to_give_an_effective_presentation_using_PowerPoint.

[3] Carl Storz, *Oral presentation skills, a practical guide*, EVRY FRANCE, 2002

https://www.academia.edu/4062835/ORAL_PRESENTATION_SKILLS_A_PRACTICAL_GUIDE.

UNIT 11. 2: HOW TO DESIGN AN EFFECTIVE PRESENTATION

Content:

11.2.1 Principles about designing elements of the slide

11.2.2 Practical tools

11.2.1 PRINCIPLES ABOUT DESIGNING ELEMENTS OF THE SLIDE

The “presentation slide” is the building block of all presentations, whether they are short conference talks, or hour-long seminars. A slide is a single page projected on a screen, including both what is

shown and what is spoken about the slide. Multiple slides are strung together to tell the large story. While we have presented the general rules on giving entire presentations, there is an absence in the fine details of how to design a slide for optical effect, such as the design elements that allow slides to convey meaningful information, to keep the audience engaged and informed, and to deliver the information intended and in the time frame allowed.

1. Keep it simple.

Graphical data that supports the speaker and enhances the presentation can be easily displayed using presentation software. It was never intended for the slides to take center stage (the star, of course, is your audience and your connection to them). People came to hear you speak in hopes of being inspired, informed, or both, depending on your message. Slides that are overly complex, busy, or filled with what Edward Tufte refers to as "chart garbage" can disrupt your message and hinder your ability to tell a story. There should be nothing extra on your slide.

There should be a lot of empty space on your slides (sometimes called white space or negative space.) Do not feel obligated to cram your logo or other superfluous visuals or text boxes that do not aid in understanding into blank spaces on your slide. Your visual message will be stronger the less clutter there is on your presentation. "What may be done with fewer is done in vain with more," said Edward Tufte.

2. Make it visual.

According to the Picture Superiority Effect, pictures are better remembered than words - especially when people are randomly exposed to the information and the exposure is for a very limited period of time.

3. Do not create "slideuments".

The term "slideuments" comes from the words: slide + document= slideuments. This term describes the combination of slides and documents. It is important the presenters clearly separate the two in their minds before they even started planning their talks.

Slides that are projected should be as visually appealing as feasible and quickly, effectively, and effectively support our thesis. Our spoken word provides most of the language substance, evidence, and appeal/emotion.

The strongest slides might not even have any text. Given the current reliance on text slides, this may sound crazy, but even the greatest PowerPoint slides will be practically meaningless without the narration (the presenter). Keep in mind that the purpose of the slides is to enhance the speaker's story, not to replace it.

4. Aim for a high Signal-to-Noise ratio.

The Signal-to-Noise ratio (SNR) is a concept that has been adopted from the disciplines of radio communications and general electronic communication, although the concept itself may be used to solve design and communication issues in almost any industry.

Designing slides with the least amount of message deterioration is necessary to achieve the best signal-to-noise ratio. The message can be degraded in a variety of ways, such as when improper charts

are chosen, unclear labels and icons are used, or unnecessary emphasis is placed on lines, forms, and other visual elements that do not significantly contribute to the message's support. To put it another way, it should be strongly considered to minimize the element or delete it entirely if doing so won't compromise function. Grid or table lines, for instance, can frequently be made very thin, made lighter, or even eliminated. Moreover, footers, logos, and other elements are typically successfully eliminated. According to the writers, each design feature should be expressed to the extent necessary, but not beyond that.

5. Design for the back of the room.

The text on the slide is usually way too little, not too big, which is the issue with most presentation visuals. Make the writing big enough so that the person in the very last row can read it without difficulty. Design for the room's rear. Fill the screen with easily recognizable design components.

6. Make images large, full screen.

This is connected to the preceding number 5. In general, try creating your slide so that it displays an image full screen and then place your text on top in a region with adequate empty space. Of course, it depends on the presentation setting. On a slide, it's frequently preferable to have one dominant, sizable image rather than multiple weaker ones. Even if your smaller photographs were of acceptable quality, their small size will make them tougher to see and lessen their effect. ct.

7. Use the principle of Contrast to highlight and make visuals clear.

People are usually wired to detect distinctions. We constantly scan for parallels and distinctions even when we are not aware of it. We notice contrast, and contrast is what gives a design its energy. So, it is important to make pieces that differ from one another obvious. Contrast can be created in a variety of ways, such as by manipulating the use of space (near and far, empty and filled), colours (dark and light, cool and warm), typefaces (serif and sans serif, bold and thin), and element placement (top and bottom, isolated and grouped), among others.

8. Use the principle of Rule of Thirds to create balance and interest.

The Rule of Thirds, which is derived from the Golden Mean, is a key design approach that can help you give your images more beauty, balance (either symmetrical or asymmetrical), and a greater aesthetic quality. An essential method for framing photos that photographers learn is the rule of thirds. Photographs with subjects in the exact center are frequently boring (but not always). It is possible to divide a viewfinder (or, in our case, a slide or screen) into four intersecting lines or crossing points and nine compartments that resemble a tic-tac-toe board.

9. Use clear charts & graphs.

Depending on your specific goals, you may utilize several visual representations of quantitative data in a presentation. Keeping things simple and telling the truth are the only rules that apply to data display. By keeping in mind, the three fundamental concepts of restraint, reduction, and emphasis, you can design great charts, graphs, and tables with simplicity.

10. Choose your fonts well.

Keep it simple and make them large.

11. Use short Video clips.

When appropriate, use audio and video. Video clips that provide specific examples encourage active cognitive processing, which is how individuals naturally learn. Without ever leaving the program, slideware allows you to employ video clips. Utilizing a video clip will help you make your message more effectively while also providing a change of pace, which will keep your audience interested.

12. Use colors with purpose, choose just a few.

Colour brings up emotions and evokes feelings. The ideal shade can inspire and convince. Using colour can boost engagement and enhance learning understanding and retention, according to studies.

13. Limit the use of animation and transition effects.

Implement slide transitions, object builds, and effects wisely. Since movement attracted the brain's attention the most, we should use it carefully on our screens. The audience will become aware of an element's movement or appearance on the screen. It can be beneficial at times, but excessive animation and slide transitions can be annoying and distracting.

14. Spend time in the slide sorter.

The multimedia learning theory's segmenting principle states that when knowledge is presented in bite-sized portions or segments, individuals understand it better. You can examine how the logical flow of your presentation is developing by switching from the Slide View to the Slide Sorter view. In order to give your presentation a more logical and natural flow, you might choose to divide one slide into, say, two or three slides. From the perspective of your audience, you will be able to better visualize your entire presentation in this view. You will be more able to identify extraneous visual information that can be eliminated to enhance communication and visual clarity.

11.2.2 PRACTICAL TOOLS

To create a presentation, you can use PowerPoint, Prezi.co, Canva.com or visme.co. where you can find images: There are many great subscription resources such as Adobe Stock, Shutterstock, iStockphoto, Storyblocks, and many others. And Canva is a remarkable design resource.

Here are some free sources that offer good images.

- Pexels.com (also has video, popular with my students)
- Unsplash.com
- Pixabay.com (also has video)
- Freeimages.com
- Stocksnap.io
- Kaboompics.com
- Burst.shopify.com
- Reshot.com

- Lifeofpics.com
- Barnimages.com

Example of good practice:

- Learning Presentation Slide Design From Ikea Billboards (2008)
<https://www.youtube.com/watch?v=txckXDPMfmM>

Exercises/ Assessment of the Unit:

- Make it visual!

What information are you representing with the written word on a slide that you could replace with a photograph (or another appropriate image or graphic)?

This exercise is designed to give you the skills to design presentations to make them more engaging and convey meaning in a more communicative way.

The main purpose of this exercise is visualization, the transfer of the text into a picture, in order to make the message more memorable.

Once the main idea of the presentation is built and the key messages are defined, the next step is to make each slide of the presentation well designed to address your ideas to the audience by the speaker's narrative and an effective visual.

SOURCES/LITERATURE OF THE UNIT:

[1] Garr Reynolds, Design Tips, Presentation Zen, <https://www.garreynolds.com/design-tips>.

[2] Alemdar Yalçın, Nursel Yalçın, *How to get best results from a presentation? How to increase effectiveness of a presentation?*, Procedia-Social and Behavioral Sciences, Volume 9, 2020, Pages 480-486 <https://www.sciencedirect.com/science/article/pii/S1877042810022895>.

[3] Joanna K. Garner, Michael P. Alley, *How the Design of Presentation Slides Affects Audience Comprehension: A case for the Assertion-Evidence Approach*, TEMPUS Publications, International Journal of Engineering Education Vol. 29, No. 6, pp. 1564-1579, 2013 http://writing.engr.psu.edu/ae_comprehension.pdf.



MODULE TITLE: SOURCES OF FUNDING (NON-REFUNDABLE AND REFUNDABLE FUNDS)

Module number: 12

Module author: Euphoria Net srl

Module description:

A crucial aspect of a start-up company is its ability to attract investments. The research for funding and investors for a start-up represents for many company founders one of the main obstacles in the realization of the business idea. There are different financing methods available to a start-up to support its project, each with its own characteristics and prerogatives. Financing your start-up is a long process that you have to evaluate and deal with carefully. This Module explains how to finance a start-up company in its various development phases.

Learning objectives / outcomes of the Module:

- Learn the basics of company funding sources;
- Know the life-cycles of a company and how each phase requires different funding sources
- Know the difference between equity and debt financing;
- Explore the various funding sources.

UNIT 12.1: THE PRELIMINARY STEPS BEFORE STARTING A NEW COMPANY'S FUNDING PROCESS

Content:

According to neoclassical economic theory, a productive activity is based on two components that must be combined in order to achieve set objectives:

- 1) **capital:** the contribution of production means, necessary for the achievement of organizational objectives;
- 2) **work:** the contribution in terms of direct performance of the workers.

The combination of these two elements leads to the achievement of organizational objectives.

Obtaining a starting capital and doing fundraising for a start-upper is undoubtedly something strongly expected. Finding various financing methods and investors by a start-up is one of the fundamental

pillars in building the success of a business idea. Start-ups, by definition, however, are often organizations characterized, especially in the initial stages:

- by uncertainty regarding the development of the business;
- a need and the difficulty in finding the necessary funds to achieve the development of the business.

Despite the understandable need for funding, you as start-upper, don't have to neglect all the other elements related to starting your new business. These elements on one hand are important for investors who have to evaluate your business idea; on the other hands, they are important elements also for you since you have to manage them. Before starting to find the right sources of funding, you have to consider the following strategical steps:

- You have to have a clear idea of the solutions and the necessary technologies;
- Validate the idea, that is to say, you have to verify that the business solution you propose satisfies a real need on the market.
- Analyse your competitors and the market: competitors analysis serves to find out how to beat the competition; market analysis has the purpose to understand how many potential clients you can gather.
- Define a business model with which to establish how to generate profits (for example, you can use the Lean Model Canvas).
- Create a team and/or look for a co-founder: they will put their knowledge at your company's service to helping it to grow.
- Establish a marketing strategy to get new customers;
- Prepare a business plan containing current and future economic and financial information.

Once you have completed all these steps, you are ready to ask for investments and receive financing.

Example of good practice:

- Valentina Panizza, 33, from Milan, graduated in Economics for art, culture and communication at Bocconi University, founded together with other professionals, Proofy, an online service for the protection of copyrights of any intellectual work like writings, musical pieces, videos or other. This entrepreneurial initiative earned her the place of semi-finalist at the Gamma Donna award, a non-profit association for the growth of the role of women and young people in entrepreneurship.

After graduating from university and working for two years as a freelance lawyer, she met a computer engineer with which they started to design the first ideas of the business. With the new idea in mind and thanks to a targeted search on Google Alert, they participated in a European call, CreatiFi (creatifi.eu - Leveraging the Future Internet for the Creative Industries) which allowed them to win a grant of 50.000 € over a year in three instalments. In 2015 they founded Proofy, a service that allows people with innovative ideas to register and obtain a certificate declaring ownership of the work itself, alongside a certified date according to the European eIDAS standard. After they participated to a regional call for Research and innovation, which allowed them to have 10.000 € and via the the European SME Instrument, another grant of 50.000 €, with which they developed a base of customers.

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions
- Open-ended questions.
- Drag and drop exercises
- Fill in the blanks

SOURCES/LITERATURE OF THE UNIT:

[1] Ahlstrom, David, Amber Y. Chang, and Jessie ST Cheung. "Encouraging entrepreneurship and economic growth." *Journal of Risk and Financial Management* 12.4 (2019): 178

[2] Sprintlab. (2023). Retrieved from [Finanziamenti per Startup: Strumenti principali - Sprintlab](#).

[3] Donatella Cambosu (21/11/2021), Come finanziare una startup con equity, debito e crowdfunding. *Network Digital 360*. Retrieved from [Finanziamenti Startup: quali sono e come ottenerli \(startupbusiness.it\)](#).

[4] Startup Geeks. (2023). Retrieved from [Come finanziare una startup? 10 metodi a confronto - Startup Geeks](#).

UNIT 12.2: TYPE OF COMPANY FINANCINGS: EQUITY VS DEBT

Content 1 - 6:

Financing a start-up can be achieved through various methods which have different characteristics, advantages and requirements. Start-ups »burn cash« and even when they start to invoice and have good income, they may need extra capital to consolidate and scale the business. Depending on the phase the company finds itself, start-ups in fact develop different financial needs, which can be satisfied through the various existing investors.

The life-cycle of a start-up are:

- Bootstrap and Pre-seed;
- Seed;
- Early stages;
- Early growth;
- Growth.

Knowing the start-up's development stage (life-cycle), as well as its value, is essential for identifying the most suitable type of financing. Contacting an investor too early, for example, before the idea is

fully mature, could preclude financing. He could, for example, get a wrong idea about you, your team and your product/service and a first wrong impression is not the best start. On the other hands, receiving a loan without having matured the ability to manage it, could confuse the priorities on the activities that need to be carried out in the stage in which the start-up currently is.

There are two types of company financings in the business world.

- **Equity financing**, whereas the founders of the start-up sell part of the capital, therefore part of the property, in exchange for the money necessary for growth. Selling part of your capital is often necessary to increase the value of your start-up.
- **Debt financing** which is often provided by banks in the form of a loan, or by subsidized financing formulas. Normally this loan is repaid according to a depreciation plan.

Within these two main categories, there are various forms that go from self-financings and crowdfunding to financing by professional investors who decide to invest in start-ups, such as business angels and venture capitalist.

Example of good practice:

- Max Freedman. (21/02/2023). 23 Green Business Ideas for Eco-Minded Entrepreneurs. Business News Daily.

Retrieved from [Green Business Ideas for Eco-Minded Entrepreneurs - businessnewsdaily.com](https://www.businessnewsdaily.com/23-green-business-ideas-for-eco-minded-entrepreneurs/)

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions
- Open-ended questions.
- Drag and drop exercises
- Fill in the blanks

Sources/literature of the Unit:

[1] Sprintlab. (2023). Retrieved from [Finanziamenti per Startup: Strumenti principali - Sprintlab.](#)

[2] Startup Geeks. (2023). Retrieved from [Le fasi di una startup e il suo ciclo di vita - Startup Geeks.](#)

UNIT 12.3: SOURCES OF FUNDING

Content 1 - 6:

The sources of funding of a start-up are:

Bootstrapping (self-financing)

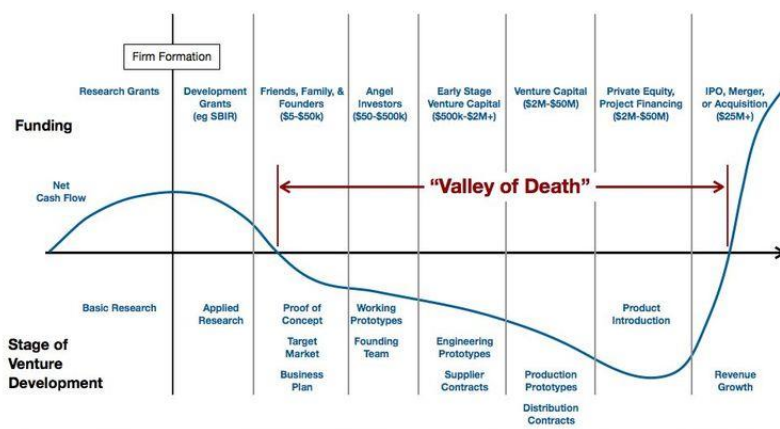
In this phase the funding comes from your pocket (bootstrapping), from those of your friends and relatives and maybe from some crazy investors (especially risk-takers). Bootstrapping therefore means financing the start-up with your own savings. This is the first funding source, the "simplest" and the one which, at least in the initial phase, it helps you to be careful while maintaining focus on the objective: validate the idea and the market. During this stage, in fact, you must understand if the idea can work, if it really solves a need for your costumers and if there is a market to look out for.

Love capital: family, friends and fools (3F)

Relatives, friends and "crazy" investors, represent a financing that involves and concerns the initial stages of a start-up or those just after the initial stage, when the start-up is not yet able to generate income that covers the costs. This category of people often also represents the early adopter of the product or service.

These forms of financing are used to validate the market and get out without damage from the so-called "valley of death", the period in which your start-up is still unable to generate enough income to cover the costs. Remember: cash flow is king so spend the money on the strictly essential!

Lifecycle of a venture



Business incubators

Incubators normally do not invest directly in your company but support the start-up in "shaping" the business model so that it becomes replicable and scalable. Incubators are often publicly funded or funded by public universities, work mainly on the idea, trying to build the business model of the start-up (for this reason the program of incubation takes longer than an acceleration program).

Business Accelerators

Accelerator programs are usually helping the start-up for three to six months during which the company receives funding, technical support and network (with the aim of speeding up the process of maturation of the start-up). Often accelerators assign a mentor and can also finance the start-ups with micro-seeds capital. Naturally, in return ask for a percentage of equity (normally between 5% and 15%).

Business Angels

The Angel investors are people who have a capital to invest in startup projects they deem interesting. They usually invest following a "hands-on" approach and finance entrepreneurial initiatives in areas close to their own sector. A business angel could represent the first real external financing for your start-up. Angels usually appear in the seed phase of the project and require a solidly structured entrepreneurial project (they are not friends, relatives or fools, but businessmen).

Crowdfunding

Crowdfunding is a way of financing a start-up by launching a fundraising campaign, in which more people can invest their money to support the company. There are different crowdfunding platforms where you can publish your project and define a collection goal, as well as different types of crowdfunding with different "rewards" for the backers:

- Equity Crowdfunding: the investors are guaranteed a small share of the company.
- Reward Crowdfunding: the investors receive a non-monetary return, often in the form of the start-up's product itself.
- Donation Crowdfunding: the donors do not receive any reward.

The equity crowdfunding is the most widespread form of crowdfunding and allows a start-up to obtain funding while avoiding negative impacts on the company's governance. Unlike Business Angels or Venture Capital, financing through crowdfunding, in fact, provides for a capital increase subscribed by many small investors, each of whom acquires just a small share of the start-up so they cannot impact on the company's governance.

Bank loans

When it comes to financing a business, one immediately thinks of banks. This is true for almost every company but not really for start-ups. Getting funding from a bank (even with consolidated financial statements and a few years of activity) is not simple. Many entrepreneurs at the beginning of their business obtain personal loans, useful in seed or early stage, but it represents a great help at any stage. Another difficulty related to the bank loans is that often the interest rates are quite high especially for a company without any collateral guarantee. For this reason, in many EU countries,

there is a useful tool called the guarantee fund, accessible to innovative start-ups. The scope is to offer a public guarantee up to 80% of the requested bank loans.

Grants

Government bodies (European Union, States, Regions) and foundations often publish calls for startups that provide bottom-up funding. These are usually non-repayable grants or loans at a very low interest rate to pay back in a medium term.

It is important to highlight that these funds are not exclusively for start-ups. Any company, in can have access to these funds. There are many operational programs of the European Union which are intended for entrepreneurial development, the support of particular industrial sectors, female or young entrepreneurs working in various sectors. There are many funds available for companies, so a good strategy is to learn how to navigate the platforms where these calls are published and it's often worth to ask professional advice to consultant specialized in assisting companies to obtain these good value fundings.

Example of good practice:

- Eco Business Fund. (2023). Retrieved from [eco.business Fund: Home \(ecobusiness.fund\)](https://ecobusiness.fund)

Exercises/Assessment of the Unit:

Quiz - Pass level: 70%

- Multiple choice questions
- Open-ended questions.
- Drag and drop exercises
- Fill in the blank

SOURCES/LITERATURE OF THE UNIT:

[1] Scott Steinberg with Rusel DeMaria. (2012). The Crowdfunding Bible: How to raise money for any startup, video game, or project. Overload Entertainment, LLC. Retrieved from [The Crowdfunding Bible.pdf \(crowdfundingguides.com\)](https://crowdfundingguides.com).

[2] Startup Geeks. (2023). Retrieved from [Le fasi di una startup e il suo ciclo di vita - Startup Geeks](#).

[3] Funding opportunities for small businesses (2023). Retrieved from [Funding opportunities for small businesses \(europa.eu\)](#).

[4] Nicole G., Peter K. Adams. (03/10/2022). Venture Capital for Dummies. Retrieved from [Venture Capital For Dummies Cheat Sheet - dummies](#).

[5] Crunchbase. (2023). Retrieved from [Crunchbase: Discover innovative companies and the people behind them](#).

[6] Entrepreneur South Africa. (2023). Retrieved from [Examples of Environmentally-Friendly Business Ideas \(entrepreneur.com\)](#).



MODULE TITLE: SOCIAL ENTREPRENEURSHIP

Module number: 13

Module author: CWEP (Centrum Wspierania Edukacji i Przedsiębiorczości)

Module description:

Social entrepreneurship (also known as social economy) is a sphere of civic activity that combines economic - business - and public benefit activities.

The very concept of social entrepreneurship consists of two words: entrepreneurship + social.

Entrepreneurship indicates the business orientation of social enterprises: they operate on the open market and compete with traditional companies - they need to make money to sustain themselves.

However, the adjective social indicates the specific nature of these enterprises. Their main objective is not to accumulate profit - to make the owners rich - but to pursue some kind of social mission and to care for values important to the community.

Learning objectives / outcomes of the Module:

- What is social entrepreneurship?
- Exploring the Anatomy of a Social Entrepreneur
- Learning about types of social entrepreneurship
- An ecologically oriented enterprise

UNIT 13.1: ANATOMY OF A SOCIAL ENTREPRENEUR

Content:

13.1.1 Social Enterprise - what it is?

13.1.2 Key features of social enterprises

13.1.1 SOCIAL ENTERPRISE - WHAT IT IS?

Social entrepreneurship is defined as an organization or initiative that seeks new solutions to persistent social problems through the production, and transaction of goods or services, thereby generating high social value. In other words, businesses consciously subordinate their economic strategy to social priorities and place the social mission at the centre of their concerns. Such social priorities include poverty, unemployment, education, health, local development, or the environment.

The pursuit of social objectives by a social enterprise necessarily involves the adoption of democratic organizational models, and this culture is fundamentally rooted in non-profit organizations, which are therefore more predisposed to be social enterprises. Meanwhile, for a social enterprise to be viable, it must adopt a business-like behaviour and be innovative and competitive in its field, and even, social objectives must be pursued sustainably and competitively in its field, but not assumed as a priority in the organization's activities.

On the other hand, it can also be noted that the concept of SE is still largely influenced by a Western vision that does not pay attention to the contribution of developing countries. From developing countries. Similarly, some definitions of SE, while placing the individual entrepreneur at the centre of the activity, do not give enough importance to the role that the context and collectivises, be they organizations, groups or communities, play in the emergence and consolidation of the social initiative.
[1]

13.1.2 KEY FEATURES OF SOCIAL ENTERPRISES

Key features of social enterprises are Courage, Innovative, Business Savvy, Socially Motivated, Collaborative.

These are the characteristics that set them apart from other companies:

Courage

It takes guts to risk your own financial wellbeing hopes of solving or easing the problems and imbalances in modern society.

Innovative

Being hungry for change is one of the defining qualities of a social entrepreneur.

They are willing to challenge the status quo if it means bringing them an inch closer to their goals.

Business Savvy

A social entrepreneur must be able to navigate the twists and turns in business - hence the word „entrepreneur“. This is what separates them from wishful thinkers who desire change but lack motivation.

Socially Motivated

Money comes and goes for all social ventures. No matter what happens, social entrepreneurs stay focused on making lives better.

Collaborative

Social entrepreneurs know that no single person is capable of lasting change. They accept that real change takes an entire community, which is why they'd like to get as many hands involved as possible.

Example of good practice:

Subject: ES Fund TISE: A loan fund for social enterprises

Country: Poland

Objectives: The programme aims to provide existing social enterprises with repayable financing to foster the investment and job creation necessary to the expansion of their activity.

Key activities:

Increase communication and partnership to promote the project

Provision of preferential loans: no upfront administrative or ancillary fees.

Counselling services: the borrower can benefit from 30 hours of free counselling services provided by in-house experts.

Impact: Tise has provided 431 loans to 371 social enterprises, which have proven to be an effective tool to combat unemployment and preserve jobs.

Success factors:

Tailoring to the expectations of the target group

Recognition of the programme and equal access throughout the country

Free advisory services to improve the professional skills of social entrepreneurs. [2]

Exercises:

1. Drag the words -h5p

Social enterprise

....1... entrepreneurship is defined as an2.... or ...3..... that seeks new solutions to persistent social problems through the production, transaction of goods or services, thereby generating ...4.... social value. In other words, businesses consciously subordinate their economic strategy to5... priorities and place the social6... at the centre of their concerns. Such social priorities include poverty, unemployment, education, health, local development or ...7....

1. Social
2. organisation
3. initiative
4. high
5. social
6. mission
7. the environment.

2. Drag the words

Put in an appropriate description

Courage

Innovative

Business Savvy

Socially Motivated

Collaborative

..... - Money comes and goes for all social ventures. No matter what happens, social entrepreneurs stay focused on making lives better.

.... - Being hungry for change is one of the defining qualities of a social entrepreneur.

They are willing to challenge the status quo if it means bringing them an inch closer to their goals.

.... - A social entrepreneur must be able to navigate the twists and turns in business - hence the word „entrepreneur“. This is what separates them from wishful thinkers who desire change but lack motivation.

.... - Social entrepreneurs know that no single person is capable of lasting change. They accept that real change takes an entire community, which is why they'd like to get as many hands involved as possible.

.... - It takes guts to risk your own financial wellbeing hopes of solving or easing the problems and imbalances in modern society.

Assessment of the Unit:

Am I aware of what social enterprises is?

I agree

Disagree

I can distinguish between a commercial enterprise and a social enterprise?

I agree

Disagree

I know the key features of social enterprises?

I agree

Disagree

SOURCES/LITERATURE OF THE UNIT:

[1] Social Entrepreneurship Conceptual Approaches, Alcides Almeida Monteiro.

[2] Boosting social enterprise development - good practice compendium, OECD Publishing, Paris.

UNIT 13.2: TYPES OF SOCIAL ENTREPRENEURSHIP

Content:

13.2.1 Different types of social entrepreneurship

13.2.2 Social entrepreneurs can be divided into four different groups

13.2.1 DIFFERENT TYPES OF SOCIAL ENTREPRENEURSHIP

Social entrepreneurship is a rapidly growing field both in academia and among practitioners as the field develops, the number and diversity of organisations categorised as social entrepreneurial ventures increases.

This growing diversity presents a challenge to the development of the field of social entrepreneurship as it attempts to define its own distinct field of academic research. While some have argued for an expansion of the field of social entrepreneurship [1], others have encouraged greater precision and conceptual clarity to enable the field to build an academic knowledge base.

One important difference between the types of social entrepreneurship is the variation in the geography in which it occurs. Let us emphasise that the role of the geographical dimension of the different types of social entrepreneurship highlights the importance of geography in shaping the behaviour of social entrepreneurs.

The smaller the geographical area in which social entrepreneurship is practised, the more likely embedded ties are to develop due to the 'temporal-geographical realities' of reduced physical distance and increased interaction. As a result, different types of social entrepreneurship, depending on the geography in which they are located, will be associated with different degrees of embeddedness. Extending this logic, proposals on how different types of social entrepreneurship and different degrees of embeddedness affect the measurement and scaling of social value. Specifically, argue that the degree of embeddedness influences: a.) the measurement of social value; b.) the scaling of breadth or depth; and c.) the scaling strategy.[2]

13.2.2 SOCIAL ENTREPRENEURS CAN BE DIVIDED INTO FOUR DIFFERENT GROUPS

The Community Social Entrepreneur

Community social entrepreneurs are small-scale change-makers. They try to meet the social needs of a community in a small geographical area. The Community Social Entrepreneur can be a young person who, most often, works with community members. This means more vested interests and slower

decision-making, but it comes with the benefit of long-term solutions. Both community members and local organizations are likely to continue the project in a sustainable way, even without the entrepreneur's direct involvement.

This is where most people start, because the change in your community is immediately visible. You can see the effects of such social entrepreneurship almost immediately and talk directly to the people you are helping. All you need to do to start this type of venture is to find a local, isolated social problem and dedicate yourself to solving it.

Non-profit social entrepreneur

These social entrepreneurs believe in reinvesting profits. They focus on social benefits rather than material ones, meaning they prioritize social good over traditional business needs.

Non-profit social entrepreneurs tend to be companies and organizations that choose to use their power for social good.

Those with a business mindset prefer this type of social entrepreneurship. Not only that, but companies and organizations have chosen non-profit social entrepreneurship to use their social goodwill for a cause.

The Transformational social entrepreneur

They focus on creating a business to meet a social need and solve a purpose that government initiatives and other businesses cannot solve.

In transformational social entrepreneurship, it is more like running an organization where you hire skilled people, come up with new initiatives to sustain yourself, follow the guidelines that the government has given and do everything that a company does.

Such organizations typically recruit and support talent internally. If you apply for a job or volunteer position and demonstrate social entrepreneurship skills, they are likely to help you enrol in a mentoring programme and facilitate your further development.

The Global Social Entrepreneur

Such entrepreneurs aim to completely change social systems to meet major social needs around the world. They think on a larger scale and focus on the changes required at a global level. They often become acutely aware of their social responsibility and begin to focus on positive change rather than just profits.

These organizations are usually connected to a cause and work with other social entrepreneurs to make it happen. As such, you are more likely to reach these heights if you connect with other social entrepreneurs and build a global community around solving social problems.

Example of good practice:

Subject: The Partnership for Supporting the Social Enterprise Strategy,

Country: Scotland

Objectives: The programme aims to provide existing social enterprises with repayable financing to foster the investment and job creation necessary to the expansion of their activity.

Key activities:

- Advises its members on funding streams and initiatives, and supports the Social Enterprise Exchange event programme, which fosters dialogue, knowledge-sharing.
- Contributes to policy development by organising policy round tables featuring practitioners and policy makers, and submitting responses to government consultations, parliamentary questions and motions, monthly e-bulletins to member organisations and parliamentarians.
- Showcases and promotes the value of social enterprises to the media and local communities by co-ordinating a national calendar of events and press and public relation activities, and delivering on a communication strategy to raise the profile of social enterprise to a broad range of Scottish and British stakeholders.
- Informing, advising and supporting social enterprises at the grassroots level by facilitating social enterprise networks meetings, providing advice face-to-face and electronically (websites, newsletter, study visits, etc.), developing public-private partnerships to boost investment opportunities and social-enterprise engagement.

Impact:

The Partnership supporting the Strategy has increased collaborative working, both through intermediaries and across individual social enterprises, at both local and national levels. The “synergy-led business culture” developed through the Strategy has attracted much attention from other business areas and regions. In Scotland, the design of a new strategy is in progress.

Success factors:

A systemic and holistic approach covering all parts of the social enterprise ecosystem, encouraging connections between stakeholders within and outside the sector.

- The close relationships between the principal organising units and the sector facilitators have contributed to the success of the initiative.
- The recognition that a range of non-financial resources
- social capital, legitimacy and expertise - are vital, and that all partners bring something unique to the table. [3]

Exercises of the Unit:

1. *Fill the blank - HP5*

The Community Social Entrepreneur can be a person who, most often, works with community members. This means more and slower decision-making, but it comes with the benefit of Both community members andare likely to continue the project in a sustainable way, even without the entrepreneur's direct involvement.

Insert:

Young

long-term solutions

vested interests

local organizations

2. *Non-profit social enterprise actions: True and false - h5p*

True:

Reinvest profits

Focus on intangible benefits

They choose to act socially for a cause

Social good is a priority

False:

They focus on material benefits

Create innovations only for profit

They use their power for the benefit of business

Assessment of the Unit:

I know the typical types of social entrepreneurship?

I agree

Disagree

I can categorise social entrepreneurs into four different groups?

I agree

Disagree

I am aware of the more complex structure of The Community Social Entrepreneur?

I agree

Disagree

SOURCES/LITERATURE OF THE UNIT:

[1] Light, P. 2006 Reshaping social entrepreneurship. Stanford Social Innovation Review.

[2] Hägerstrand, T. Space, time and human conditions in A. Karlquist, Dynamic Allocation of Urban Space (Farnborough: Saxon House).

[3] Boosting social enterprise development - good practice compendium, OECD Publishing, Paris.

UNIT 13.3: SOCIAL ENTERPRISE IN THE ECOSYSTEM

Content:

- 13.3.1 Ecosystem for social entrepreneurs
- 13.3.2 Social enterprise and the environment
- 13.3.3 International Classification of Non-profit Organisations (INCPO)
- 13.3.4 Scope and scale of social enterprise in environmental issues
- 13.3.5 Green social enterprises
- 13.3.6 Environmental Corporate Social Responsibility (ECSR)

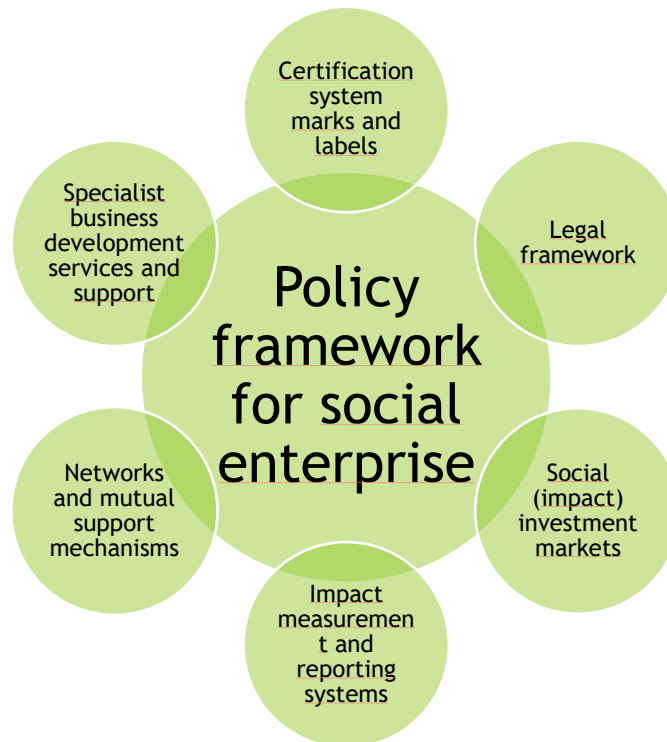
13.3.1 ECOSYSTEM FOR SOCIAL ENTREPRENEURS

Ideally, social enterprises contribute to transforming the systems that keep people trapped in poverty. However, a larger ecosystem of actors and policies can contribute to the success or failure of a social enterprise.

The characteristics of an ecosystem for social entrepreneurs are still underdeveloped in most countries. It can be seen that they are slowly emerging, although formal supportive policy frameworks remain rare.

The concept of a social enterprise ecosystem operates on widely recognised characteristics that can contribute to an enabling environment for social entrepreneurship, including the potential to address key constraints and obstacles.

Selected characteristics of the ecosystem for social enterprise



13.3.2 SOCIAL ENTERPRISE AND THE ENVIRONMENT

The social economy encompasses a variety of initiatives and organisational forms, broadly defined by social objectives and legal forms, which differ from both private and public organisations. It should be mentioned that social enterprises are sometimes seen as hybrid organisations, moreover, they have mixed characteristics, driven by values or the good of the community and operating in an ill-defined space between the for-profit and non-profit worlds. Such organisations are found to emerge from a blurred area between the public, private and social (non-profit) sectors.

The social economy represents a sphere of socio-economic activity that contributes to the ideals of environmental and social sustainability and more democratic forms of organisation. However, they also point out that while it is widely acknowledged that the number of environmentally inspired activities and organisations within the (green) social economy is growing, it is important to bear in mind that there is also a lack of systematic attention to the scale and scope of the environmental social economy sector by most government agencies. Much more attention is being paid to sustainability issues in small businesses. [1]

13.3.3 INTERNATIONAL CLASSIFICATION OF NON-PROFIT ORGANISATIONS (INCPO)

A key difficulty is that the environment covers a wide range. For example, perhaps the most comprehensive functional classification system used to analyse the nonprofit sector is the

International Classification of Nonprofit Organisations (INCPO) system. Within this system, the analysis of the environment is divided into two groups: 'environment' and 'animals'. Excluding animal-related organisations, activities within the 'environment' subgroup are:

- pollution reduction and control;
- conservation and protection of natural resources;
- beautification of the environment and open spaces;
- creation of multifunctional environmental organisations;
- support and service organisations, auxiliaries, councils, standard-setting and management organisations;
- environmental organisations not classified.

In addition, with the wider recognition that most economic activities have an impact on the environment, there is increasing attention to concepts such as clean production, eco-efficiency and the scope for innovative design of products, processes and services across all sectors to minimise the use of energy and other natural resources and reduce waste and pollution. As such, the concept of sustainable consumption includes a focus on the behavioural and lifestyle changes required to live within ecological limits and the implications for the economy.

13.3.4 SCOPE AND SCALE OF SOCIAL ENTERPRISE IN ENVIRONMENTAL ISSUES

It is argued that there needs to be more current evidence on the scale and key features of the social enterprise sector, particularly concerning environmental issues. While it is true that there is very little large-scale research, it is important to mention that there is a growing body of research related to environmental themes and regeneration activities in regional and local economies. The Global Entrepreneurship Monitor provides comparable multi-country data on the level of socially/environmentally motivated entrepreneurship, albeit limited to early-stage activities. The 54-country study observed significant differences between groups of countries depending on the stage of economic development. Thus, in less developed economies, social entrepreneurship activities focus primarily on basic issues and pressing needs related to the local environment, such as access to water, sanitation, and improved agricultural activities in rural areas. In more developed countries where the economy is driven by innovation, the most important issues are waste recycling and nature conservation. Of the existing social enterprises in the world, only a few per cent of enterprises focus holistically on the environment. Other objectives of social enterprises also include improving the urban environment, nature conservation goals and raising environmental awareness.

13.3.5 GREEN SOCIAL ENTERPRISES

Most social enterprises include environmental values as a priority. Social enterprises are targeted as enterprise activity for the benefit of the environment. This enterprise activity should consider the environmental values held by consumers, the regulatory influence of the state and the pro-environmental impact on the market. Green entrepreneurship can be used in numerous market niches that enterprises can identify in an entrepreneurial way. Identification can be based on creating new eco-friendly products, services and marketing methods that promote green.

A pro-environmental business model incorporating an environmental responsibility approach can be built using four core components: strategic choices, value networks, value creation and value capture. The connecting factor between the components of the model is the organisational culture. It is important to consider a pro-ecological model using a pro-ecological entrepreneurial orientation: strategic green competencies based on knowledge management, learning and intellectual capital. Regarding value networks, the creation of linkages within industrial ecology and networks of companies and smart public administration together with non-profit ecological organisations should be considered. In terms of value creation, the appropriate use of resources and the efficiency of processes along the value chain with ecological requirements play a decisive role. [2].

In the pro-ecological business model, value acquisition is achieved by differentiating oneself through innovation and ecological quality based on increasing the environmental awareness of society and all stakeholders. The pro-ecological business model of social enterprises is based on the assumptions of environmental corporate social responsibility (ECSR, Environmental Corporate Social Responsibility), considering the proactivity of the enterprise. [3]

13.3.6 ENVIRONMENTAL CORPORATE SOCIAL RESPONSIBILITY (ECSR)

ECSR is the strategic concept of building company value based on ecological criteria. The construction of form value nowadays is one of the most important objectives of most operating companies. The increasing dynamics of creating a competitive space in the economy have triggered market competition's new shape and character. Enterprises wishing to win and bring leadership to the market must orient themselves towards multidimensionality in their view of the business. Thus, companies have understood that the uniqueness of their operation depends on the value they offer to their stakeholders. An excellent example of building such ecologically based goodwill is ECSR. This model uses a social model based on CSR principles, emphasising ecological factors as a basis for making company value. Such a model considers assumptions such as:

- Internal assumptions: the greening of business processes and the environmental performance of products.
- External assumptions: environmental criteria as a key success factor, sectoral environmental considerations.
- Business assumptions towards meeting the needs of internal stakeholders.
- Performance targets for meeting the needs of external stakeholders.
- Internal assumptions on establishing internal environmental CSR centres. [4]

Example of good practice:

- Subject: Maramao - sustainable food

Country: Italy

Objectives:

selling healthy, fresh organic products.

developing a virtuous green economy that does not exploit the land but recovers the territories.

promoting a decent work that respects the person.

recovery of rural areas at risk of desertification.

Key activities:

The project was launched in 2014. In 2016, Maramao achieved a great goal. It became an agricultural social cooperative. The company grows vegetables on private land leased cheaply or free of charge. Individuals share with the cooperative the goal of creating a social agricultural enterprise that grows organic produce, engages asylum seekers.

The company is a social enterprise that produces vegetables, cereals, grapes and hazelnuts and processes them according to organic farming techniques. Maramao promotes social inclusion, the well-being of the people involved and builds a trusting relationship between consumer and producer. It also develops training and job placement opportunities for disadvantaged people. The company is also committed to reclaiming abandoned rural areas, promoting local products and revitalising local territories and communities, all of its activities being environmentally friendly.

Impact:

+ 20 hectares from the beginning.

90 asylum seekers and refugees.

30 hours per week of paid work for each person.

32 Modules of training about biological agriculture

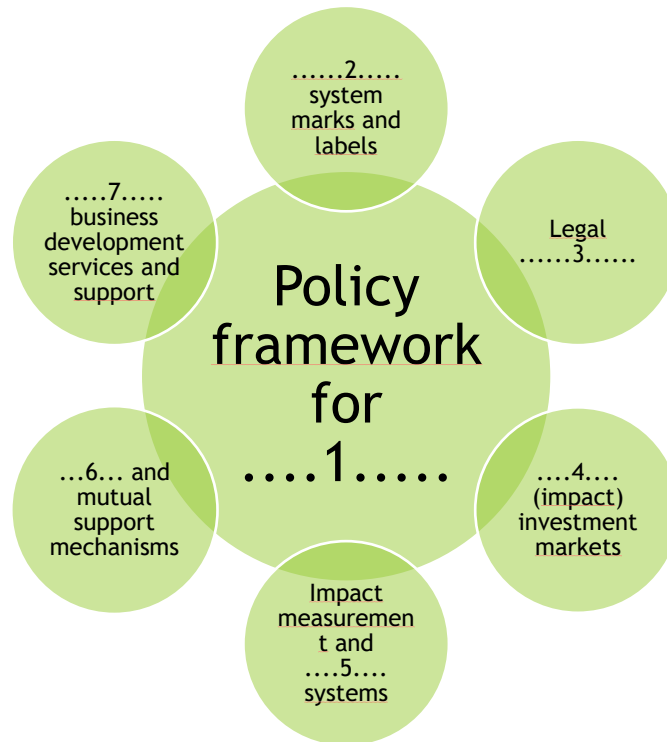
6000 strawberry plants planted.

Success factors:

- the creation of a social enterprise embedded in sustainable development,
- social integration, relationship of trust between farmers and consumers.
- creating an ecological profile for the social enterprise through sustainable food
- training and job opportunities, including for refugees and asylum seekers

Exercises of the Unit:

- **Exercises 1: Fill the blank**



Answers:

1. *social enterprise*
2. *Certification*
3. *framework*
4. *Social*
5. *reporting*
6. *Networks*
7. *Specialist*

- **Exercises 2: H5p - Find Multiple Hotspots (tick the correct answer)**

International Classification of Non-profit Organisations (INCPO) what activities occur under the subgroup "environment":

Correct:

pollution reduction and control;
 conservation and protection of natural resources;
 beautification of the environment and open spaces;
 creation of multifunctional environmental organisations

support and service organisations, auxiliaries, councils, standard-setting and management organisations;

environmental organisations not classified.

Wrong:

- *profit-driven innovation activities*
- veterinary services
- animal protection and welfare
- economic development
- *vocational counselling and guidance*

- **Exercises 3: Drag the words**

Green social enterprises

Social enterprises targeted as enterprise activity for the benefit of the environment. This enterprise ...1.... should take into account the environmental ...2.... held by3...., the regulatory influence of the state and the pro-environmental ...4.... on the market.5. ...entrepreneurship can be used in numerous market6.... that enterprises can identify in an entrepreneurial way. Identification can be based on the creation of7...., services and marketing methods that promote green.

Wstaw w odpowiednie miejsce -

Answers:

1. *activity*
2. *values*
3. *consumers*
4. *impact*
5. *green*
6. *niches*
7. *new eco-friendly products*

- **Exercises 4: True and false - H5P**

Environmental Corporate Social Responsibility (ECSR) what assumptions it has:

- greening of business processes
- environmental performance of products
- environmental criteria as a key success factor,
- business assumptions towards meeting the needs of internal and external stakeholders,
- creation of internal green social centres
- *sectoral social determinants - false*
- *reduction of market competitiveness - false*
- *negative company image -false*

Assessment of the Unit:

I am aware of the ecosystem for social entrepreneurs.

I agree

Disagree

I am aware of the scope and scale of social entrepreneurship on environmental issues.

I agree

Disagree

I am familiar with typical green social enterprises.

I agree

Disagree

I am aware of environmental corporate social responsibility.

I agree

Disagree

SOURCES/LITERATURE OF THE UNIT:

[1] Smith, G. and Young, S. (2007) „Social Economy and the Environment“ Paper prepared for Social Economy: Towards a Worldwide Perspective.

[2] Schaper M. (2002), The essence of ecopreneurship, "Green Management International", vol. 38.

[3] Chen YS., (2008), The Positive Effect of Green Intellectual Capital on Competitive Advantages of Firms, . J Bus Ethics 77, 271-286 (2008). <https://doi.org/10.1007/s10551-006-9349-1>.

[4] J. CRAMER, (2005), "Company learning about corporate social responsibility," Business Strategy and the Environment, Wiley Blackwell, vol. 14(4), pages 255-266, July. <https://ideas.repec.org/s/bla/bstrat.html>.



MODULE TITLE: ENVIRONMENTAL ENTREPRENEURSHIP

Module number: 14

Module author: EUROTraining - Christina Stamataki

Module description:

In 2015, all United Nations Member States adopted the Sustainable Development Goals (SDGs) as a collection of seventeen broad-ranging global goals that define and frame global priorities to achieve sustainable and equitable development for all by the year 2030. One of the main goals and one of its fundamental prerequisites is - Responsible Consumption and Production - which is a priority for every person and organization because it arguably links most of the SDGs, eradicating poverty and managing natural resources to promote economic and social development. For global sustainable development to be achieved, fundamental shifts in how societies create and consume are required. Thus, companies are considered one of the key factors contributing to environmental threats. The concept of environmental entrepreneurship links sustainable development to entrepreneurship.

Nowadays, researchers from various fields (such as ethics, entrepreneurship, economics, and environmental studies) concur that business plays a critical role in sustainable development. The issue of how entrepreneurship can help solve environmental problems has consequently received more attention than just the involvement of big industry.

This Module will describe environmental entrepreneurship, its important role in our society, and how it can help shape a better future. In addition, it will describe the phases a business needs to become green and the possible difficulties that may arise.

Learning objectives / outcomes of the Module:

- Introduction of environmental entrepreneurship
- The role of environmental entrepreneurship in our society
- Understanding the term through examples
- The possibility for small and medium-sized enterprises to participate in the green entrepreneurship.
- The issues they should focus on and the steps they should take to they should follow.
- The phases of transformation to green business, and the benefits of their green transformation.

UNIT 14.1: INTRODUCTION OF ENVIRONMENTAL ENTREPRENEURSHIP

Content:

- 14.1.1 Definition of the terms
- 14.1.2 The status of the environmental entrepreneurship
- 14.1.3 Understanding the term through examples

14.1.1 DEFINITION OF THE TERMS

In general, entrepreneurship is defined as the process of finding, evaluating and exploiting an economic opportunity and creating a new activity of value to exploit that opportunity. It involves risk but also potential economic benefits.

Environmental entrepreneurship is a form of entrepreneurship that focuses on protecting the environment and nature as the focus of its strategy. It can be defined as the entrepreneurship process applied to create businesses that solve environmental problems or operate sustainably. The term began to be widely used in the 1990s. Ecopreneurs are “entrepreneurs whose business efforts are not only driven by profit but also by a concern for the environment”. Green businesses know that existing production and consumption systems are wasteful, so they want to efficiently use natural resources by reducing their ecological footprint. Their basic assumption is that natural resources and the environment itself are not - are no longer considered inexhaustible. As the reduction of natural resources necessarily implies a decrease in growth, whatever the economic green business activity aims not only to protect the environment but also to ensure the uninterrupted continuity of their existence, in fact, their commercial future. They build up eco-friendly businesses and therefore combine profit orientation with the ambition to create a greener business world.

14.1.2 THE STATUS OF THE ENVIRONMENTAL ENTREPRENEURSHIP

Business is a significant source of environmental problems and plays a key role in successfully addressing them. In the process of solving the ecological problem, the role of not only large companies but also entrepreneurs has been observed. According to the Annual Report on European SMEs 2021/2022, small-medium enterprises have a critical role in the green transition in the EU, considering that SMEs currently make up 60% of all greenhouse gas emissions by enterprises. A growing number of SMEs are starting the shift to sustainability, investing in transformational processes, and seeing sustainability as an entrepreneurial opportunity.

A considerable number of SMEs have already begun the shift to sustainability. Growing numbers of SMEs are investing in sustainable technologies and gaining the knowledge and skills to make their companies more sustainable and competitive. More than half of all SMEs have already made investments or plans to make investments to reduce emissions and combat the effects of climate change. Most SMEs already practice resource efficiency by reducing waste or saving electricity. Additionally, most SMEs have already made investments or plans to make investments to combat the effects of climate change and lower emissions.

Additionally, SMEs may profit from the "twin transition" of going green and digital. Thanks to digitalisation, SMEs could become more productive and have a smaller environmental influence. While measuring the overall ecological benefit of digitalisation is still challenging, some solutions, like using ICT tools to cut back on travel, have a substantial positive impact on the transition to sustainability. Both public and private actors should offer technical advisory services and knowledge platforms that help SMEs better understand the possibilities of digital solutions and how to implement them in their business to fully realise the potential of digital solutions for SMEs.

SMEs have made good progress in their transition to sustainability. Still, it should be noted that some issues, such as limited resources (financial and human), operating in economic or geographical locations and uncertain markets and policy environments, pose challenges to their transition to sustainability.

14.1.3 UNDERSTANDING THE TERM THROUGH EXAMPLES

To better understand which types of enterprises could be considered or switched to green way, we can group them as following:

Food: Organic, biological products, Organic restaurants.

Energy: photovoltaics, wind turbines, energy saving consulting, clean technology.

Transportation: Transportation services with hybrid vehicles.

Consumer goods: clothing, textiles, mattresses.

Services: biological cleaning of cars and houses, design of energy roofs.

Example of good practice:

- The future of Sustainability and Entrepreneurship| Bernard Eng| TEDxUKM
<https://www.youtube.com/watch?v=YfZ2r3KQrEU>

Exercises/Assessment of the Unit:

Find examples of existing businesses and describe on the basis of their characteristics whether they are green businesses or not, giving an appropriate explanation. The main objective is to find all the elements that make this business green, which are measurable annual objectives, benefits, barriers and results.

SOURCES/LITERATURE OF THE UNIT:

[1]: Stefan Gorgels and Maximilian Priem from DIW Econ and Tsvetelina Blagoeva, Agnès Martinelle and Giulio Milanese from PwC, *Annual Report on European SME's 2021/22, SMEs and environmental sustainability Background document*, European Commission, April 2022.

[2]: Katarzyna Piwowar-Sulej, Małgorzata Krzywonos, Izabela Kwil, *Environmental Entrepreneurship-Bibliometric and content analysis of the subject literature based on H-Core*, Journal of Cleaner Production, Volume 295, May 2021.

[3]: M. Lenox, J.G. York, *Environmental Entrepreneurship*, Oxford handbook of Business and the Environment, Oxford University Press, 2011
https://www.academia.edu/1512815/Environmental_Entrepreneurship.

UNIT 14.2: THE POSSIBILITY FOR SMALL AND MEDIUM-SIZED ENTERPRISES TO PARTICIPATE IN THE GREEN ENTREPRENEURSHIP

Content:

- 14.2.1 The phases of transformation to green business, and the benefits of their green transformation
- 14.2.2 The issues they should focus on and the steps they should take

14.2.1 THE PHASES OF TRANSFORMATION TO GREEN BUSINESS, AND THE BENEFITS OF THEIR GREEN TRANSFORMATION

Although each company engages in green activities from different business perspectives, they all go through the same phases of transformation into a green business. As we will see, the incentives in each phase are different.

A. The investigation phase. In the first stage, a company is in the formation of its identity and scope of activities targeting a specific part of the market. Its business strategy is not yet in its final form; the initial green activities are exploratory in nature:

1. Motivated by cost control, they focus on saving energy and operating costs through simple measures such as recycling, use of green light bulbs, improved insulation and heating system,
2. With the main motivation in the green business phase being the acquisition of credibility and marketability, they aim to legitimise the business and are driven by environmental values. The business is extroverted as it is interested in stakeholder reactions, i.e. the image and impact of the company on the market and customers
3. With a basic motivation to develop a meaningful and integral view of the company's strategy, the environmentally friendly practices of the company reflect the personal ethical beliefs and sensitivities of the leadership, the owner-manager. It goes without saying that business profits are not excluded from these actions, they simply co-exist and are considered equally important. Furthermore, the green activities of the business highlight the fact that to be competitive the business must behave in a certain way,
4. With sustainability as a key motive, the main activity that directly results from the owner-managers personal ethics is using sustainable materials (for example, locally or ethically sourced non-polluting materials) that will reduce the business's environmental impact, such as using local raw materials.

5. With recognition as a key motive, the action resulting from the legitimisation of the company is establishing a formal environmental policy, which it usually publishes on its website.
6. With knowledge and bureaucracy management as key motives, the activity that results from establishing and publishing formal environmental policies is to seek external assistance from product manufacturers, the public and private business sectors, peer networks, etc.
7. Finally, motivated by the environmental impact of the products and services offered by the company, the activity related to the support of external bodies to the company, which is partly a development from previous and simpler activities of energy reduction measures and the use of sustainable materials, is the attention to the use of energy.

B. The attestation phase. A company is admitted to the second phase if it has established environmental practices that impact its strategic development. The type of this phase depends on the way and kind of the customers and suppliers with whom it deals. Developing a company's social capital guides the company in the second phase. The main activities are networking, publicity and brand development.

Networking is either formal or informal. The former involves sharing ideas, developments (for example, new facilities), knowledge and experience with other businesses in the area through seminars and get-to-know-you days. This networking achieves not only the development of its own green practices but also creates marketing channels for the business. Publicity at the local or national level comes from the above networking. In particular, this publicity that cannot be bought comes, for example, from direct participation in an official network. The development of a distinctive brand name differentiates a green business from its competitors. It helps it to enter new markets or attract new customers.

1. The integration phase. Inevitably, a company enters the Third Phase when it recognises the strategic importance of a green brand name for the growth of the business. With strategic action as a key motivator, the main activity is integrating these practices into the overall business strategy. The key features of the third phase are as follows:
2. The company uses its green practices and social capital consciously and strategically to increase competitive advantage. For example, it tries to convince customers that accepting its products will enhance their green credentials. In other words, they advertise themselves as helping customers to become more environmentally friendly.
3. Greater investment, as green practices, have gained greater strategic importance for the business, the owner-manager is more willing to undertake more complex and expensive financial investments. These include investments in searching for and using non-harmful raw materials, recyclable product packaging, energy production, etc.
4. Finally, external expert assistance or financial support is necessary to develop the company's green practices, as the complexity and cost of business plans increase at this stage. The entrepreneur seeks advice on the financial options available to him and further technical support from manufacturers on the sustainability of the installations and the impact of the different technologies he is required to adopt and implement in the production process.

The conclusion from the above is that the incentives for green entrepreneurship in small businesses are dynamic. The entrepreneur emphasises the individual economic potential of this endeavour and the broader environmental and social gains it creates. Innovative business ideas have the power to

generate profit and create profitable expectations and solve critical environmental problems and transform degraded communities.

14.2.2 THE ISSUES THEY SHOULD FOCUS ON AND THE STEPS THEY SHOULD TAKE

To effectively convert a business into a green one, the entrepreneur must focus on the following:

- a) the selection of the appropriate personnel. Even if a company attracts skilled human resources, it must take specific measures to retain them (such as lifelong learning for all employees, especially for those with less education, fewer skills and older employees), giving employees responsibility and initiative, greater diversity of the workforce, share ownership schemes, etc.
- b) the health and safety of working conditions. Health and safety must be ensured when supplying products and services from other enterprises and must be considered as an element of the promotion of the enterprise's products or services. In this case, the undertaking is acting in a manner complementary to the legislation and control exercised by the public supervisory authorities,
- c) the ability of the undertaking to adapt during any restructuring of the project; adaptation is ensured if the restructuring is carried out in a socially responsible manner, taking into account the concerns of the employees directly affected by the changes. If the aim of a company is, for example, to reduce operating costs or increase productivity, these changes must be made smoothly, taking into account the incentives of the employees so as not to undermine their loyalty to the company, their creativity and, consequently, their productivity,
- d) the environment with an emphasis on sustainable development, which includes green actions, pollution prevention and waste management. Sustainable development, i.e., developing a business in conjunction with conserving natural resources, is part of a company's policy and business planning. Green actions such as reducing the consumption of natural resources or polluting emissions reduce the environmental impact of the firm accordingly, with a potential economic impact in terms of reducing energy consumption bills, raw material costs and waste disposal,
- e) finally, to local communities by providing jobs, social benefits and taxes. However, for a company to be able to contribute in these ways, a number of fundamental social goods, such as health, stability and the well-being of the local community, must be ensured. Indeed, there is a strong interaction between businesses and their local physical environment in particular; businesses need a clean environment for their production or the provision of their services and to attract employees. This means that businesses themselves must be careful about any polluting and environmentally damaging activities, such as water or soil pollution, and must be sufficiently aware of issues relating to protecting their natural (and social) environment.

Example of good practice:

- How to be a sustainable entrepreneur Part1: <https://www.youtube.com/watch?v=iBCxg-MeLIO>

- How to be a sustainable entrepreneur Part2:
<https://www.youtube.com/watch?v=wdWbpNRVefI>
- How to be a sustainable entrepreneur Part3:
https://www.youtube.com/watch?v=iLp3_nQLT6A
- How to be a sustainable entrepreneur Part1:
<https://www.youtube.com/watch?v=95ZC0GCZKVw>

Exercises/ Assessment of the Unit:

As a continuation of the previous exercise, with a specific company in mind, the aim is to describe all the phases that need to take place in this company in order for it to be considered green. The purpose of this exercise is to familiarise you with the transition of the business and the obstacles it may face.

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MODULE TITLE: DIGITALIZATION OF BUSINESS

Module number: 15

Module author: University of Maribor

Module description:

In recent decades, the speed of technological progress has greatly increased, with direct impacts on all parts of everyday life. Information technology (IT) is no longer simply a support tool for carrying out business activities; instead, it is a central business operation of small and medium enterprises (SMEs) from which all functions and the realization of the company's business strategy are carried out. Digitalization characteristic occurring within SME operations is the functional use of the Internet and digital solutions in the fields of production, marketing, promotion, sales, and design. The personalized approach throughout the value chain allows companies to adapt promptly to customer needs, with the phases between product planning and product delivery shorter, more technologically advanced, and more cost-effective. The Module includes a presentation of the basics of digital business, key steps, and areas where digitization brings the possibility of long-term business and competitive advantage.

Learning objectives / outcomes:

- What is digitalization?
- Benefits of digitalization
- What are key digital tools?
- How to approach to design a digital strategy

UNIT 15.1: DIGITALIZATION OF BUSINESS

Content:

- 15.1.1 What is digitalization?
- 15.1.2 Benefits of business digitalisations

15.1.1 WHAT IS DIGITALIZATION?

First, let's start by clarifying the difference between digitization and digitalization for those who are unsure (Juliana Marulanda, 2021).

Digitization is the act of converting physical documents or paperwork into digital documents. Scanning a paper invoice and uploading it as a PDF is an example of digitization.

Digitalization is a more in-depth transformation of a business model towards using digital processes rather than analog ones. For example, a company that decides to turn the handling and processing of all financial documents digital would be considered digitalization.

Business digitalization is the integration of technology that transforms the way organizations operate across their different areas, services, and channels, with customers and other stakeholders. A true digital transformation process goes beyond buying and using a new tool or software; it requires an honest commitment from the entire organization to evaluate, challenge and reconfigure business processes in a way and pace that works for that company, its clients, and its suppliers.

15.1.2 BENEFITS OF BUSINESS DIGITALIZATION

While there is a myriad of benefits to digitalizing your business processes, they vary depending on your company's objectives. But whether you are transitioning from paper to e-invoices, from traditional goods sourcing to e-procurement, or digitalizing your end-to-end supply chain management, there are certain benefits digitalization always brings when done right (Juliana Marulanda, 2021).

Top 10 Advantages of Digitalization (Haissam Abdul Malak, 2022)

1. **Streamline processes:** Every business is continuously looking for innovative methods to improve efficiency. If you want to become more efficient in business, you will need to embark on the digitalization journey. Efficiency is defined as how well time, effort, and money are utilized to complete a task or achieve a goal. One of the most significant advantages of digitalization is that it reduces the time it takes to complete a task, the effort necessary to complete it, and the cost of doing it correctly.
2. **Higher productivity:** When you automate manual repetitive processes, you free your employees from monotonous job tasks and allow them to focus on more difficult and innovative initiatives that help your business function more efficiently. With business process automation systems, tasks may be done faster and with fewer mistakes. Finally, process automation enables employees to make better use of their time at work.
3. **Reduce operational costs:** Every business owner's objective is to save time and, more importantly, money. Manual tasks and processes are intrinsically slower than automated activities and processes since they are conducted one at a time. Inefficient processes cost organizations up to 30% of their annual revenue. When business procedures are done manually, there is a far greater chance of resources being squandered. Digitalization enables the most efficient and cost-effective use of your core resources.
4. **Increase transparency:** Depending on the process you've decided to automate (financial, billing, collections, sales, and/or support), critical metrics can be gathered and reported to provide you with the crucial information you want.
5. **Quality and consistency:** One of the most important advantages of digitalization is that it guarantees that each operation is carried out in a consistent manner, resulting in high-quality, dependable output. If you automate your customer service follow-up process, for example, your consumers will receive the same quality of support from your company every time.
6. **Less human error:** When operations are automated, the likelihood of human error is considerably decreased. When it comes to doing tasks, humans are prone to error more than machines. Machines are never tired and can run constantly 24 hours a day. So let us assign the tasks that we don't want to do to computers and concentrate on the more challenging tasks.

7. **Governance and reliability:** Because automated processes are consistent, you can rely on them to run your business and provide reliable procedures to your clients, giving you a competitive edge. Workflow automation's dependability guarantees that critical corporate governance operations are carried out 100 percent of the time and in compliance with the law.
8. **Enhanced agility:** Organizations should be agile enough to shift directions rapidly. For that agile techniques should be adopted across all departments, and when business processes are automated, it allows for modification and adaptation to changes at a relatively fast pace.
9. **Improved employee morale:** When employees are required to focus on manual repetitive tasks, it reduces their ability to learn, develop, and advance professionally. Employees benefit from digitalization since it automates these repetitive activities, allowing them to engage in more significant initiatives and so improving their morale.
10. **Better decision - making:** Digitalization and information management work hand in hand; as information is analysed, it transforms into knowledge, and knowledge leads to better decisions.

Example of good practice:

- Video

Exercise/ Assessment of the Unit:

- Quiz on knowing the characteristics of digitization, advantages, steps for implementation. If 70% or more points are collected, the task is completed.

UNIT 15.2: DIGITALIZATION TOOLS

Content:

15.2.1 Digitalization tools

15.2.1 DIGITALIZATION TOOLS

Digital transformation broadly means integrating intelligent technology into every aspect of your business to improve processes, operations, and customer experience.

To achieve this, you need a medium to facilitate the transformation. This medium is a digitalization tool or digital transformation software.

We've divided every tool into six categories important for every business (Aanchal Parmar, 2022):

1. **Communication tools** – Messaging apps that enable corporate communication and collaboration for teams of all sizes via a single platform.
2. **Project management tools** – Software that helps teams create, manage and track projects in tandem with internal and external stakeholders while having a clear view of the processes.

3. **Process documentation tools** – Digitization software that automates the documentation of processes and simplifies storing, managing, and sharing information with employees and customers.
4. **Customer experience tools** – Customer service software that collects and analyses customer feedback to help understand consumer expectations and provide them with added value.
5. **Knowledge management tools** – Information organizers that help companies organize and share resources within the organization.
6. **CRM tools** – Customer relationship management software that helps organizations track and analyse customer interactions to better understand and improve their offerings.

Top digitalization tools of 2022 (Aanchal Parmar, 2022) :

- Slack
- Microsoft teams
- Zoom
- Flock
- Asana
- Hive
- Trello
- Wrike
- Scribe
- Lucidchart
- Whatfix
- Nuclino
- Zendesk
- AskNicely
- HubSpot Service Hub
- Gladly
- Guru
- Document360
- Bloomfire
- Happeo
- Scoro
- Pipedrive
- Keap
- Freshdesk

<https://scribehov.com/library/digitalization-tools>

Example of good practice:

- Videos

Exercise/ Assessment of the Unit:

- Questionnaire - how many of the listed tools (27) are used or at least known, in the case of 70% or more, the task was successfully completed.

UNIT 15.3: DIGITALIZATION STRATEGY

Content:

- 15.3.1 What is digitalization strategy?
- 15.3.2 How to approach to design a digital strategy?

15.3.1 WHAT IS DIGITALIZATION STRATEGY?

A digital strategy, sometimes called a digital media strategy, is a plan for maximizing the business benefits of data assets and technology-focused initiatives. A successful digital strategy requires a cross-functional team with executive leadership, marketing and information technology (IT) members. It involves breaking down the silo between information technology leaders and those of other customer-facing departments to deliver a consistent digital customer experience.

Benefits of creating a digital strategy:

- Enhanced data collection
- Improved asset management
- More effective use of resources
- Increased brand recognition

15.3.2 HOW TO APPROACH TO DESIGN A DIGITAL STRATEGY?

How to create a digital strategy in 6 steps (Indeed Editorial Team, 2022)

If you're a marketing employee or member of a company's leadership team, you might help to create a digital strategy that unites technology across departments. Here are 6 steps you can take to achieve this goal:

1. Determine the purposes of the strategy

A digital strategy can achieve a variety of goals, including increased brand awareness and more efficient use of resources. The leadership team for the company might establish a few key goals to focus on in the first stage of the strategy. That way, they can measure how effective the strategy has been in achieving these goals.

2. Define your brand

Digital branding can make a brand consistent across all platforms and channels so customers can identify the company easily and employees understand the company's values. Most digital strategies include resources that define the key elements of the company's digital brand. Define the reasons

customers might choose this brand over competitors. Then, create a style guide that includes the colours, phrases and tone that internal and external content can share.

3. Identify customer channels

Because digital content has many possible channels, it can be helpful to identify the company's key audience and determine which channels might appeal to them. The marketing component of a digital strategy often contains plans to appeal to consumers across different key channels. For example, marketers for a company that makes and sells childcare products might track the average age of users across various social media platforms. Then, they can market more heavily on the platforms with high populations of parents between certain ages.

4. Create adaptable processes

Consider creating processes where managers can frequently review data, update content and adapt to new technology. If the digital strategy includes multiple departments, you might ask individual department heads to create criteria for measuring the effectiveness of digital tools. The digital strategy team might also meet frequently to identify new technological tools and digital channels. For example, if a new social media platform becomes popular with target consumers for a company's products, the company's marketers might change the social media strategy to focus on the new platform.

5. Create a content strategy

One of the largest parts of many digital strategies involves publishing digital content for consumers. Building a content strategy to target key audiences can help marketers create and publish content quicker. For example, you might decide to post infographics when you release blog posts and choose how often you want to post on social media.

6. Choose which tools to use

Once the team has established the strategy's goals and built key processes to measure the effectiveness of digital campaigns, they can choose the tools they plan to use to enact the strategy. Some companies might use comprehensive digital platforms that allow them to automate tasks across operations, sales and marketing teams, while others might use different programs for each part of the strategy. Consider asking the managers of each team taking part in the strategy to suggest tools that might help their team succeed.

Example of good practice:

- Links to examples of digital transformations and digital strategies

Exercise/ Assessment of the Unit:

- Quiz on the topic of using digital tools in everyday life (online banking, online ordering...), if you get 70% or more, the quiz is passed.

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