



**BALANCE**  
*green and stable*

Bringing Sustainability and Environmental Action  
Together for Future



Co-funded by the  
Erasmus+ Programme  
of the European Union

*'Jobs, growth and investment will only return to Europe if we create the right regulatory environment and promote a climate of entrepreneurship and job creation. We must not stifle innovation and competitiveness with too prescriptive and too detailed regulations, particularly when it comes to small and medium-sized enterprises (SMEs). SMEs are the backbone of our economy, creating more than 85 % of new jobs in Europe and we have to free them from burdensome regulation.'*

**Jean-Claude Juncker,**  
**Former President of the European Commission**

# MODULE 1

## INTRODUCTION: THE SPECIFICITIES OF SMEs

INTRODUCTION

BALANCE TRAINING



# INTRODUCTION

## Overview

- Climate-neutral Continent by 2050
- The Green Action Plan.
- SMEs Struggle
- The need for Climate Action

# INTRODUCTION

## Goals and Objectives

- BALANCE addresses EU issues related to environmental and climate goals
- BALANCE caters to the need for climate action.
- BALANCE addresses EMEs financial, human resources and sustainability
- BALANCE Provides dedicated training program so SMEs
  - Decision-Makers
  - Consultants

# INTRODUCTION

## The Training Program

### **The training program will provide the following modules:**

- Module 1: Introduction : Specificities of SMEs
- Module 2: European SMEs and Environmental policies.
- Module 3: Policy Implementation and Self-assessment of SMEs' Environmental Impacts
- Module 4: Mobilizing Sustainable Finance
- Module 5: Process Approach of Business Practices
- Module 6: Cost Effective External and Internal Practices and Methods



# INTRODUCTION

## Exercise

*Read the Green Deal and compare the circular Economy actions of two SMEs examined in Report: Green policies and financial sustainability - Analysed Best Practices in your country:*

*<https://www.switchtogreen.eu/green-action-plan-for-smes-turning-environmental-challenges-into-business-opportunities>.*

*<https://home.kpmg/my/en/home/insights/2020/06/kpmg-impact/>, and*

*<https://...>*



# UNIT 1

## PRESENT APPROACH TO SMEs



# PRESENT APPROACH TO SMEs

## Definition I

Company category	Staff headcount	Turnover	Balance sheet total
Medium-sized	< 250	≤ €50 million	≤ €43 million
Small	< 50	≤ €10 million	≤ €10 million
Micro	< 10	≤ €2 million	≤ €2 million

# PRESENT APPROACH TO SMEs

## Definition II

“The category of micro, small and medium-sized enterprises (SMEs) made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.”

**The European commission's definition of SME (2003/361/EC 2003)**



# PRESENT APPROACH TO SMEs

## The need for Definition

### Why is necessary to have a definition for SMEs?

The answer to the first question is simple, yet paramount, because the SME definition applies to all policies, programs and measures that most countries develop and apply to support SMEs, because they are based on their definition in determining state aid.



# PRESENT APPROACH TO SMEs

## Definition Based on Economic Terms

### How appropriate is to have a definition for SMEs?

- Whether or not a company is an SME, is not as simple as one might think, as well as not as complete as the present-day conditions require.
- In an SME, the enterprise's size (employees, turnover and balance sheet total amounts) are not the only factors that should be taken into account.



# PRESENT APPROACH TO SMEs

## Definition Based on Economic Terms

Several issues cannot be ignored in determining an SME, such as:

- Reduce CO2 emissions
- Move the production to a more environmental-friendly stage .
- Transform the energy industry.
- Managing issues



# PRESENT APPROACH TO SMEs Definition

## EXCERSISE

*In the table provided which of the three companies are SMEs. Justify your decision.*

Company	Staff headcount	Turnover	Balance sheet total
A	200	€50 million	€43 million
B	40	€12 million	€8 million
C (associated with a big firm (500 staff,80million turnover, 65million))	8	€1,5 million	€1 million

# PRESENT APPROACH TO SMEs

## The Role of SMEs in the world

The World Bank estimates that :

- SMEs represent about 90% of all businesses in the world
- Contribute more than 50% to employment worldwide'
- SMEs greatly outnumber the number of large-scale companies operating in all countries in the world.
- The important role of SMEs in the world, which varies across regions, countries and continents





# PRESENT APPROACH TO SMEs

## The Role of SMEs in Europe I

### In Europe SME's :

- ❑ Are the backbone of Europe's economy.
- ❑ Are the major contributor in sustaining modern-day economy.
- ❑ Provide innovations spread throughout Europe's regions to solve challenges.
- ❑ Are essential to EU's economic conditions.
- ❑ Are fundamental in attaining EU's twin goals of:
  - Sustainable economy,
  - Digital economy.



# PRESENT APPROACH TO SMEs

## The Role of SME's in Europe II

**SME enterprises are important in Europe because they involve:**

- Job creation
- Unemployment reduction
- Significant contribution to growth in GDP
- Achieve sustainable growth as a centralized theme
- Enable proper money flow across the economy
- Are the nursery from which large companies are created
- Contribute directly and often significantly to aggregate savings and investment
- Are involved in the development of appropriate technology
- Are a crucial element in the supplier network of large enterprises



# PRESENT APPROACH TO SMEs

## The Role of SME's in Europe II

### *EXCERCISE*

*Is the role of SMES the same or different in developed and developing countries and why?*

# PRESENT APPROACH TO SMEs

## Greening

- The demand for green products and services is rising.
- There is a global shift towards a greener economy.
- SMEs are confronted with rising pressures.
- Greening brings economic benefits to many SMEs.

## PRESENT APPROACH TO SMEs

### The Importance of Greening SME's

The importance is exhibited by the capability of SMEs to participate in:

- Sustainable use of resources
  - Increased share of renewable energy
  - Preserving natural capital (air, water, land and wildlife)
  - Reduce emissions and waste
- AND**
- Synergies between environmental protection and economic

## PRESENT APPROACH TO SMEs

### The Importance of Greening SME's

**SMEs Greening efforts cannot be considered satisfactory due to lack of:**

- Access to affordable financial resources.
- Skills and management developed practices
- Awareness among employees about the importance of Greening.
- Awareness of business owners of the benefits of Greening.
- Information in order to implement Greening strategies and daily operations.

# PRESENT APPROACH TO SMEs

## The Importance of Greening SME's

### *EXCERSISE*

*Give examples of SMEs Greening efforts in your country using the Report: Green policies and financial sustainability - Analysed Best Practises of BALANCE*

*<https://.....>*

# UNIT 2

## NEW APPROACH TO SMEs





# THE NEW APPROACH TO SME'S EU'S GAP Objectives for SMEs

Greening SMEs for more competitiveness and sustainability

Greening Entrepreneurship for the companies of the future

SMEs entering greener value chains

Access to markets

Governance

# NEW APPROACH TO SMEs

## Overview: Greening of SME's I

### The implementation of EU Policies :

- How appropriate is the present-day SMEs definitions
- How the enterprising environment and internal and external challenges impact the SMEs role in the economy
- How Effective are EMEs Greening Approaches.



# THE NEW APPROACH TO SME'S Overview

## EXERCISE

*Can you provide an example in your country of:*

- *Changes in the role of SMEs as a result of societal changes*
- *Changes in SMEs entrepreneurship after WW2*
- *Changes in Greening policies.*

## THE NEW APPROACH TO SME'S SME'S New Approach in Defining them II

**Consideration should be given to characteristics such as the:**

- Transformation of SME's entrepreneurship to an environmental-friendly operation.
- Reduction of CO2 emissions.
- Exhibition of efficient and effective Managing practices.



# THE NEW APPROACH TO SME'S

## SME'S New Approach in Defining them II

### EXERCISE

*Pick one of the enterprises in your country from Report: Green policies and financial sustainability - Analysed Best Practices and examine if factors other than economic are important in their operation.*

# NEW APPROACH TO SMEs

## SME's New Role I

**Today Europe faces multiple challenges such as:**

- Securing ecological sustainability
- Addressing climate change
- Resource scarcity
- Growing prices for materials
- Dependence on outside resources



## NEW APPROACH TO SMEs

### SME's New Role I

**There is a need for a transition to a new SMEs role to achieve:**

- ❑ Sustainable economic growth
- ❑ Building a circular and more resilient economy

**There is a need for a multi-faced role of SMEs to respond to:**

- Development and growth
- Alternative economic production models

# NEW APPROACH TO SMEs

## SME's New Role I

**The New role of SMEs provides SME's with :**

- Reconciling economic growth with environmental sustainability.
- Balancing the economic and environmental objectives
- Balancing short-term costs with long-term gains.
- Synergies between Environmental and Economic Development.



# NEW APPROACH TO SMEs

## SME's New Role

### Today Europe faces multiple challenges

- Securing ecological sustainability
- Addressing climate change
- Resource scarcity
- Growing prices for materials
- Dependence on outside resources



## NEW APPROACH TO SMEs SME's New Role III

### *EXERCISE*

*Pick one of the enterprises in your country from  
Report: **Green policies and financial sustainability -  
Analysed Best Practises** and examine which  
enterprising factor is the important for its  
operation.*



## NEW APPROACH TO SMEs

### The New Approaches to Greening of SMEs

- Integrating the economy with the environment.
- SMEs' shift from a re-active to a pro-active.
- “Greening Economies in the Eastern Neighbourhood”
- Little consideration to SMEs greening

# NEW APPROACH TO SMEs

## The New Approaches to Greening of SMEs

### *EXCERSISE*

*Suggest a pro-active approach for the operation of SMEs in your country.*

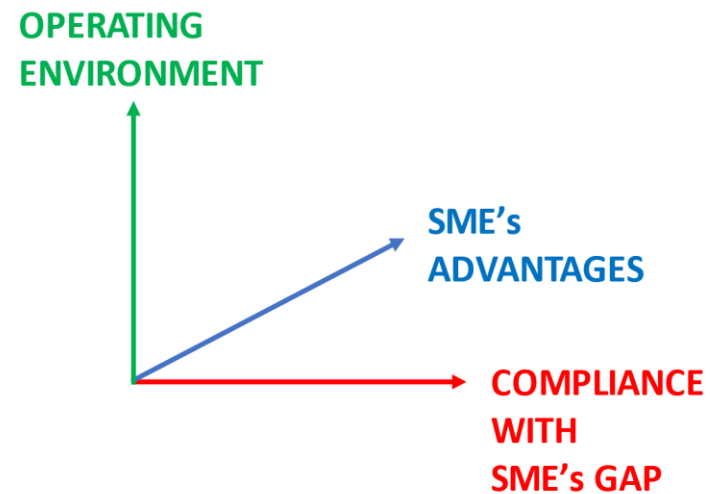
## UNIT 3

# THE DIMENSIONS TO APPROACH SMEs



# THE DIMENSIONS TO APPROACH SMEs

## The Three Major Dimensions



# THE DIMENSIONS TO APPROACH SMEs

## The Three Major Dimensions

### Factors in Assessing any SME

- The degree an SME fulfils its multiple advantages (i.e., Informal Management, Flexibility etc.);
- The enterprising environment it conducts its business (i.e., Development Potential, Network and Supply Chains etc.);
- The degree it applies the Green Action Plan (GAP) (i.e., eco-innovation, reduce CO<sup>2</sup> emissions etc.)

# THE DIMENSIONS TO APPROACH SMEs

## 1<sup>st</sup> Dimension: Operating Environment

### Operational Flexibility.

- Encourage Team Spirit
- Closer to their customers
- Direct involvement
- Better detect and take advantage of small market niches
- Able to change their market



# THE DIMENSIONS TO APPROACH SMEs

## 1<sup>st</sup> Dimension: Operating Environment

### Operational Flexibility.(cont):

- Communication within the enterprise is easier
- Informal management style
- Cost effective
- Taking immediate decision Able to change their market
- Dependence on individual decision makers
- Internal mobility



# THE DIMENSIONS TO APPROACH SMEs

## 1<sup>st</sup> Dimension: Operating Environment

**Capabilities for a series of enterprising actions .**

- Innovation capability
- Adapting to change
- Flexibility
- Learning



# THE DIMENSIONS TO APPROACH SMEs

## 1<sup>st</sup> Dimension: Operating Environment

### *EXERCISE*

*Pick one of the enterprises in your country from  
Report: Green policies and financial sustainability -  
Analysed Best Practises and mentions its  
operational flexibility advantages over large  
companies.*



# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising I

## ☐ SMEs Own Characteristics

- Enterprise characteristics
- Managements characteristics and the
- Qualification of its personnel
- Limited recourses

# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising I

## Enterprising Challenges

- Planning
- Infrastructure and Facilities
- Increasing revenue
- Maintaining profitability
- Increasing revenue
- Market commitment



# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising I

## □ External Challenges

- Financial Challenges
- Technology risks
- Regulatory compliance
- Societal changes
- Supply and logistics



# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising I

## □ External Constrains

- Access to Capital
- Strong Competition
- Attracting New Customers
- Social Media
- Development Potential
- Environmental Entrepreneurship

# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising I

## □ Market Challenges

- Environmental Entrepreneurship
- Internationalization
- Adapting to local frameworks
- Entrepreneurial orientation and SMEs performance
- Competitiveness



# THE NEW APPROACH TO SME'S 2nd Dimension: Enterprising

## EXERCISE

*Pick one of the enterprises in your country from **Report: Green policies and financial sustainability - Analysed Best Practices** and mentions its operational flexibility advantages over large companies.*

## THE NEW APPROACH TO SME'S

### 3rd Dimension: Compliance with GAP I

#### □ Objectives Related to GAP.

- Provide information to SMEs
- Support efficient technology
- Facilitate access to finance resources.

# THE NEW APPROACH TO SME'S

## 3rd Dimension: Compliance with GAP II

### □ Support Entrepreneurship

- Support Green Entrepreneurship
- Provide Opportunities of Greener Value Chains
- Facilitation of Market Access for Green SMEs
- Resolving Administrative issues
- Improving SME Resource Efficiency
- Green entrepreneurship, green skills and eco-innovation
- Green value chain and circular economy

# THE NEW APPROACH TO SME'S

## 3rd Dimension: Compliance with GAP II

### *EXCERCISE*

*Pick one of the enterprises in your country and try to apply any of the three dimensions and their subcategories discussed.*



## CONCLUSIONS

- ❑ There is a need to view SMEs in a new integrated approach .
- ❑ Nowadays the conditions, benefits and the impacts of SMEs can be assessed only through that integrated approach
- ❑ A conceptualization for a strategic consideration of SMEs is provided
- ❑ The examination of SMEs requires a three-dimensional approach:
  - Provides a very efficient and effective SMEs assessment tool.
  - Helps any administrative entity to recognize the context, in which SMEs operate.
  - Helps in understanding the integrated nature of SMEs.
  - Provides a comparison tool differentiating SMEs operation.



# CONCLUSIONS

## The Decalogue of SMEs

- Lack of financing.
- Lack of technical knowledge.
- Lack of managerial skills.
- Lack of market research.
- Lack of sector specific skilled manpower.
- Lack of compliance with administrative and market conditions.
- Market competition.
- Poor infrastructure.
- High bank interest rates.
- Government regulation.



# CONCLUSIONS

## The Decalogue of SMEs

### *EXERCISE*

*Does any of the factors of the Decalogue  
applies to your country's SMEs?*