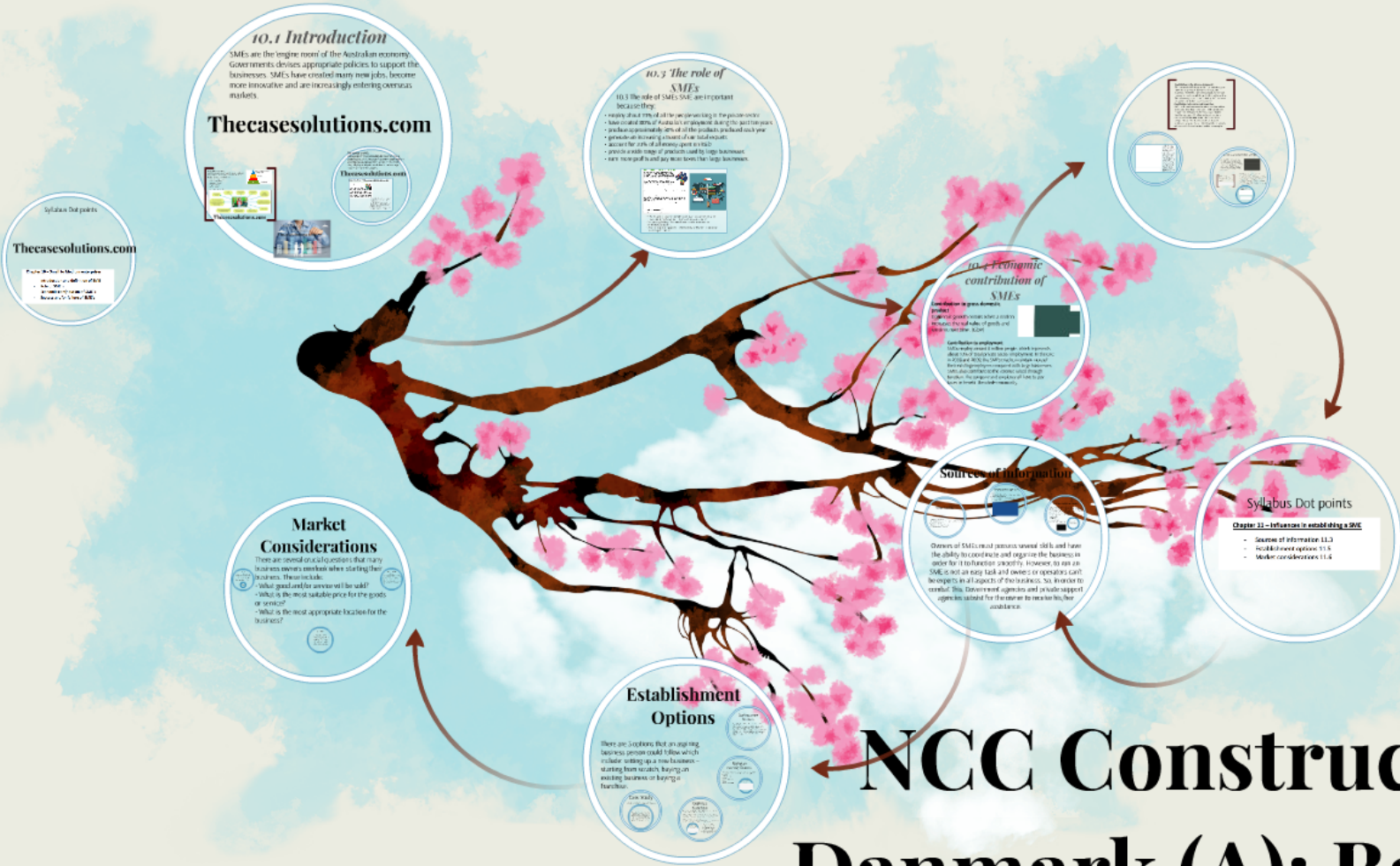


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Profitability**



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Syllabus Dot points

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Chapter 10 – Small to Medium enterprises

- Introduction and definition of SME
- Role of SME's
- Economic contribution of SME's
- Success and/or failure of SME's

10.1 Introduction

SMEs are the 'engine room' of the Australian economy. Governments devise appropriate policies to support the businesses. SMEs have created many new jobs, become more innovative and are increasingly entering overseas markets.

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10.2 Definition of SMEs
A number of quantitative measurements and qualitative measurements can be used to determine whether a business is small or medium sized:

- number of employees
- type of ownership
- sources of finance
- legal structure
- market share
- management structure

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The number of SMEs
SMEs account for approximately 99.8% of all private sector business. It is important that even though medium-sized businesses represent only about 2% of all SMEs, they still play an important role because of the large number of people they employ.

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A person in a blue shirt is pointing towards a row of seven colorful building models (yellow, light blue, teal, light blue, red, and pink) and a white silhouette of two people shaking hands. The background is a light blue gradient with white clouds hanging from the top. The text 'Small To Medium Enterprises' is written in white, and 'Thecasesolutions.com' is written in black below it.

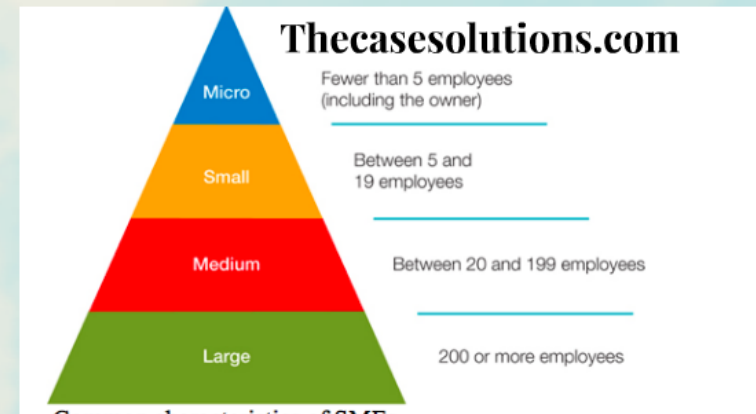
Small To Medium
Enterprises

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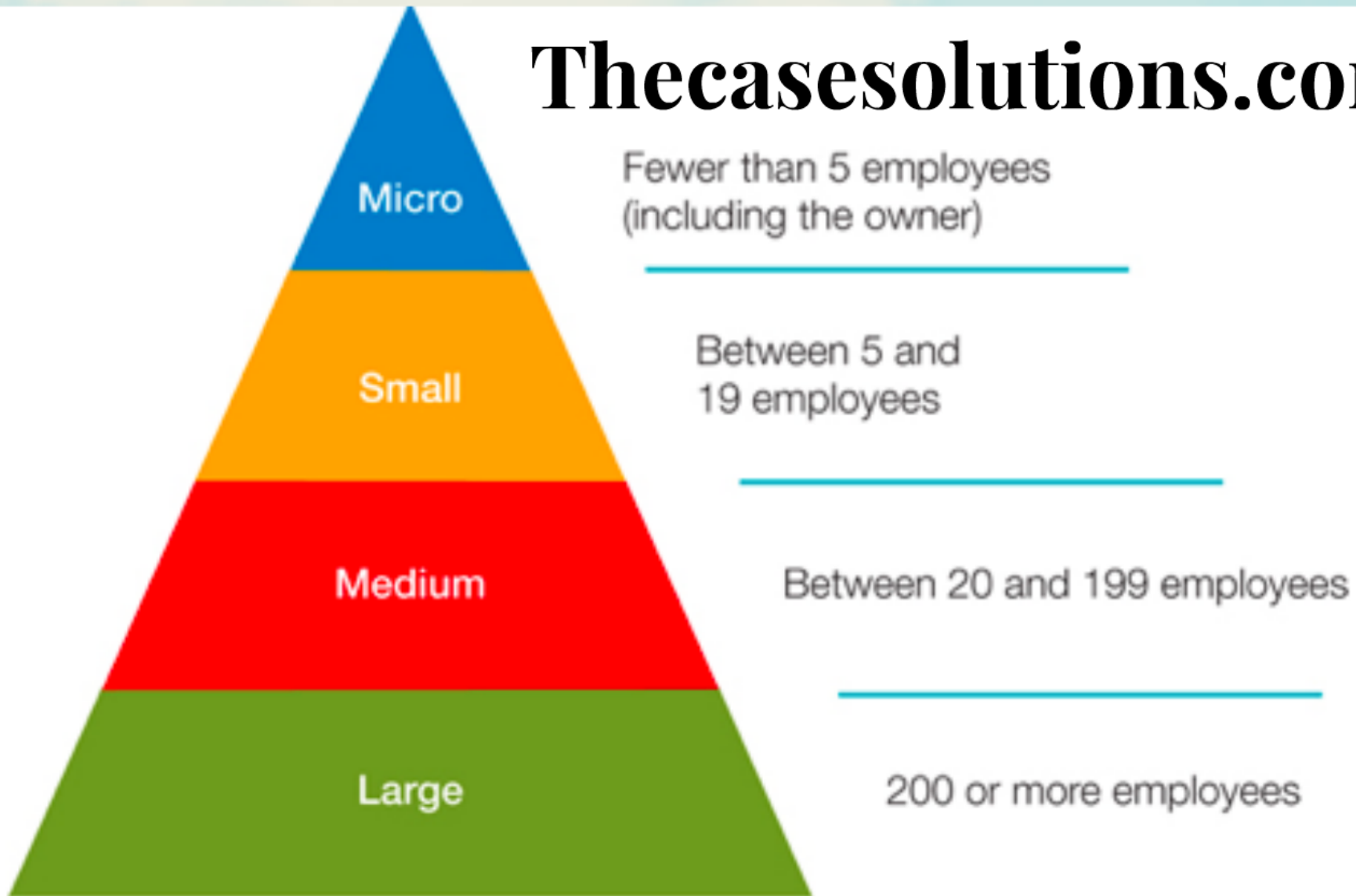
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Common characteristics of SMEs

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THE WALL STICKER COMPANY — KEEPING IT PERSONAL

The Wall Sticker Company was founded by friends Fiona Gathercole and Jen Menz while they were both on maternity leave from their nursing positions. They began by hand painting personalised canvasses to sell to children's stores. When demand for their products became too much, they set up their business in Jen's backyard and bought a vinyl cutter from eBay for \$300 so they could make their products faster. After sticking a piece of vinyl straight onto a wall, the idea came to them to create vinyl wall stickers, which could transform a room for very little cost, as well as being removable, which was great for the rental market.



Their products are currently available online as well as through more than 90 national and international stockists. The business uses social media to create a community feel to its website and to keep regulars coming back for more. 'An online business just made sense to us', said Fiona. 'You have less overheads so your margins are higher and there's more flexibility with what you can offer. These days, the majority of customers look online before going to an actual shop, so I think you need to have an online presence.'

The business has now outgrown Jen's shed and the team has increased from two to five members of staff. In addition, their revenue has tripled in the three years since they started the business. Despite this, Fiona and Jen are happy for their business to remain small. One of the reasons they began their own business was so they could achieve a work-life balance. Having an online store and automation of many processes has enabled them to achieve this.

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