[](https://www.knowitallninja.com/)Features of SMEs

# Task 1

What are the four key features of SMEs?

1 Who runs the SME

2 Where it operates from

3 Who works there

4 Which sector of the economy it operates in

# Task 2

There are three key types of locations that an SME can operate from: working from home, co-working space and renting an office. Summarise the advantages and disadvantages of each of those locations.

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| --- | --- | --- |
| Method | Advantages | Disadvantages |
| **Working from home** | * More availability for clients via e-mail/phone * No cost for renting office space = low overheads * Possible eligibility for business tax deductions on house rent | * More distractions = less productivity * Difficult to have physical meetings |
| **Co-working space** | * Less distractions = more focus * Access to meeting rooms * Low cost = Low overheads | * Additional fees for meeting rooms * Less professionalism during meetings * Travel time to and from the co-working space * High costs if you hire staff members |
| **Renting an office** | * Grow business without additional costs of renting more desks at a co-working space * Free access to meeting rooms * Makes business more trustworthy | * High cost = high overheads * Additional cost of hiring dedicated staff members to maintain the office * Travel time to and from the office |

# Task 3

(a) What are the advantages of running your business as a “side hustle” or on a part-time basis?

Having a side hustle or working on your business part-time allows you to test the waters and understand if there is a market for your service/product. It also allows you to understand whether your business is really something you want to do. Finally, you can test different ways of doing your business, because even if some of them fail it won’t affect your financial stability.

(b) What services are typically provided as part of a “virtual office”?

By buying access to a “virtual office” businesses might get a professional physical office address, a business phone number, access to office space for meetings as well as mail forwarding service.

# Task 4

John is thinking of starting a fully remote marketing agency. What challenges might he face with operating an online business?

Firstly, if John hires any staff members then they might be missing out on opportunities for face-to-face bonding time during work and after-work socialising that they would have if they worked in an office environment. Secondly, John might struggle to check whether his employees are doing the work they are supposed to do. Thirdly, the productivity of his employees might suffer if they don’t organise a proper place of work for themselves where they can easily focus.