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## PROPOSAL FOR COMPANY DEVELOPEMENT ACTIVITIES

NÁVRH OPATŘENÍ PRO ROZVOJ PODNIKU

### BACHELOR'S THESIS

BAKALÁŘSKÁ PRÁCE

### AUTHOR

AUTOR PRÁCE

Libor Dvořáček

### SUPERVISOR

VEDOUCÍ PRÁCE

doc. Ing. Robert Zich, Ph.D.

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# Assignment Bachelor's Thesis

Department: Institute of Management  
Student: **Libor Dvořáček**  
Supervisor: **doc. Ing. Robert Zich, Ph.D.**  
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## Proposal for Company Development Activities

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Definition of problem, objective of thesis  
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Analysis of problem and contemporary situation  
Proposal of solution, contributions of solutions  
Conclusion  
Literature  
Appendix

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The main objective of the thesis is to propose an approach to the development of the activities of the selected enterprise. The aim of the theoretical part is to define the background corresponding to the needs of the enterprise. The aim of the analytical part is to define the key factors for the development of the enterprise and to define the possible direction of development based on the analysis of internal and external factors. The proposal part aims to clearly formulate the development activities of the enterprise, the procedure of their implementation, the evaluation of the assumptions of the implementation of the proposed measures and the evaluation of their benefits.

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L. S.

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doc. Ing. Robert Zich, Ph.D.  
Branch supervisor

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prof. Ing. et Ing. Stanislav Škapa, Ph.D.  
Dean

**Abstract**

The bachelor thesis focuses on the development of a company operating in the audio and multimedia market through the distribution, sales, and installation of equipment. The theoretical part describes the concepts relevant to the needs of the company. The analytical part identifies the key factors of development based on the internal and external factors of the enterprise. The proposal part presents specific development measures, their implementation, and evaluation of benefits.

**Abstract**

Bakalářská práce se zaměřuje na vývoj společnosti působící na trhu audio a multimediálních zařízení prostřednictvím distribuce, prodeje a instalace zařízení. Teoretická část popisuje pojmy relevantní pro potřeby společnosti. Analytická část identifikuje klíčové faktory rozvoje na základě vnitřních a vnějších faktorů podniku. Návrhová část představuje konkrétní rozvojová opatření, jejich realizaci a vyhodnocení přínosů.

**Keywords**

Small business, employees' perspective, internal analysis, 7S framework, company values, company vision

**Klíčová slova**

Malý podnik, pohled zaměstnanců, interní analýza, rámeček 7S, hodnoty podniku, vize podniku

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**Affidavit**

I declare that the present bachelor project is an original work that I have written myself.

I declare that the citations of the sources used are complete, that I have not infringed upon any copyright (pursuant to Act. no 121/2000 Coll.).

Brno dated 19th May 2025

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Libor Dvořáček  
Author's signature

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## **INTRODUCTION**

Every company faces challenges. Even companies established a long time ago could have troubles with a dynamic environment and innovations in the market. This is also true when it comes to the internal aspect of a company. Small companies, in particular, offer growth without setting clear structure, processes, and concrete long-term plans. As the company grows, having not clearly described goals, roles, responsibilities, and processes may cause many issues, including confusion and inefficiency in everyday operations. This bachelor's thesis focuses on this topic in a small company operating in the Czech and Slovak market for around 30 years. This company distributes, sells, and installs audio equipment for a wide range of customers, including reselling companies, professional studios, musicians, cultural facilities, and consumers.

Since its establishment, the company has created a strong reputation and achieved many successes. On the other hand, the company owner started to perceive that the company's internal situation is not well organised and the revenue growth started to slow down. For example, employees often do not have clearly defined roles or tasks. The company also lacks clearly and officially described processes, goals, and performance indicators. The business owner feels overwhelmed by keeping everything under control since employees do not have a clear vision to follow.

This thesis aims to understand the internal situation of the company using the 7S framework. This model connects seven key internal areas of a company: structure, strategy, systems, style, staff, skills, and shared values. By using this framework to create questions and then individually interviewing all people involved in the company, this thesis will identify the biggest problems and suggest solutions that could help the company improve and grow in the future.

# DEFINITION OF PROBLEM, GOALS OF THE THESIS AND METHODS UTILISED

## Definition of problem

This bachelor's thesis focuses on a small company that has been active in the Czech and Slovak audio market for over 30 years. The company distributes, sells, and installs music and acoustic equipment from various brands. Recently, revenue growth has slowed down compared to previous years. Concrete financial details, such as revenue, expenses, and EBIT, are presented in Table 1.

In thousands of CZK	2022	2023	2024
<b>Revenue</b>	26 873,202	32 257,538	33 864,697
<b>Expences</b>	23 367,562	28 281,445	30 116,723
<b>EBIT</b>	3 505,64	3 976,093	3 747,974

**Table 1: EBIT of the case company**

(Source: Financial statement, case company, 2025)

Over time, the company has expanded its activities from distribution only to direct sales through an online shop and professional installation services. However, during this growth, not enough attention was paid to the internal situation of the company. As a result, many employees do not have clearly defined roles and responsibilities. Processes and performance indicators (KPIs) are missing or are unclear. This often leads to confusion about priorities and inconsistent decision-making. Employees usually focus on what they personally think is important, instead of on what the business might actually need.

The owner of the company is heavily involved in daily operations and feels that the business depends too much on him. He often has to guide employees and push them to take action. He also has to deal with a lack of initiative and accountability from some team members. On the other hand, the atmosphere in the company is generally friendly and supportive, but there are concerns about the long-term sustainability of the company if employee initiative and responsibilities are not addressed.

Additionally, the company lacks a clearly defined vision and long-term goals. This lack of direction makes it difficult for employees to coordinate their work with the company's future plans. While new ideas are sometimes proposed, they often do not match the company's other activities or its current priorities. As a result, important ongoing activities may be overlooked and the company may lose focus on the key factors that contribute to its success.

## Goals of the thesis

The main objective of the thesis is to propose an approach to the development of the activities of the selected enterprise. The aim of the theoretical part is to define the background corresponding to the needs of the enterprise. The aim of the analytical part is to define the key factors for the development of the enterprise and to define the possible direction of development based on the analysis of internal and external factors. The proposal part aims to clearly formulate the development activities of the enterprise, the procedure of their implementation, the evaluation of the assumptions of the implementation of the proposed measures, and the evaluation of their benefits.

Partial goal of the theoretical part is to provide a description and explanation of relevant theoretical concepts which will focus on exploring the company background and the key development concepts.

Partial goal of the analytical part is to gather and analyse information about the company. Main focus will be on opinions of the people in the company and their opinion about the company's need and factors for development.

Partial goal of the proposal part is to recommend specific steps to improve key factors accordingly to the findings from the analytical part. These recommendations are also evaluated, based on their impact and the resources needed to implement them.

## Methodology

The name of the company for which this thesis is written is not mentioned in the bachelor thesis. Instead, it is referred to as a "case company".

The bachelor's thesis works accordingly to the Lean BEA1 (Zich, 2021). This means that there is some situation today. This situation is the problem described above. Secondly, there is a situation tomorrow. The situation tomorrow is the objective this thesis wants to achieve. In order to accomplish the goal successfully, there is a need to understand what needs to be solved and how it will be solved.

Table 2 shows what needs to be analysed, research questions, methods, and expected outcomes:

Area of Focus	Research Question	Methods / Tool	Data Sources	Expected Outcome
Understanding the Company	How does the company work? What are its main activities?	Business Model Canvas	Internal company information	Overview of how the company operates

Perception of the internal situation of the company by the people in the company	What do employees and the owner think about the current and future situation?	Structured interviews with questions based on the 7S framework	All employees and the business owner	In-depth insight into personal views and ideas
Viewpoint Comparison	How do the perspectives of employees and the owner compare?	Two separate 7S models (Owner vs. Employees)	Interview responses	Identification of differences and similarities
Overall Internal Analysis	How aligned is the company in terms of 7S?	Unified 7S Framework (from both perspectives)	Combined interview data	Clear picture of current internal alignment
Challenge Identification	What are the most critical issues affecting the company's performance?	Problem ranking table and analysis of the main challenges	Overall 7S framework	List of challenges, ranked by importance
Solution Development	How can the main issues be resolved?	Proposal development using 7S Framework	Analytical findings	Solutions to the 3 biggest problems with a detailed proposal for the biggest problem identified.

**Table 2: Methodology of the thesis**

(Source: Author's own work)

Analytical part starts by using the Business Model Canvas to understand what the company does and how it operates.

To gain deeper insight into the internal situation of the company, individual structured interviews are conducted with all employees and the business owner. The questions for the interviews are based on the 7S Framework and look at the company's Strategy,

Structure, Systems, Shared Values, Style, Staff, and Skills. The interviews are recorded, rewritten, and the outcomes are processed and summarised by AI.

The answers from the interviews are analysed by creating two 7S models – one from the owner’s perspective and one from the employees’ perspectives. These models are then compared and combined into a final, unified 7S model that shows the overall internal situation.

From this final model, the main internal challenges are identified. These problems are ranked in a table according to their impact on performance. A root cause analysis is then used to find the three biggest problems, which are likely causing many of the other issues.

In the proposal part, solutions are developed for each of the three major problems. The most detailed solution is created for the biggest issue. Each proposal is clearly linked to the relevant area of the 7S framework, so it is clear where and how to apply the suggested improvements.

# 1. THEORETICAL PART

## 1.1. What is a small company?

According to Recommendation 2003/361 of the European Commission, a small company is a company which does not exceed a turnover of 10 million euros and has a maximum of 50 employees. (European Commission, 2022)

## 1.2. Business Model Canvas

The Business Model Canvas, developed by Alexander Osterwalder, is a widely used tool for designing, analysing, and documenting business models. This framework is presented as a visual chart, which is divided into nine key components. These components are Customer Segments, Value Proposition, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partners, and Cost Structure, and are more explained in the upcoming part. (Osterwalder and Pigneur, 2010)

Business Model Canvas allows businesses to develop, evaluate, and innovate their models effectively, ensuring alignment between their goals and operational strategies. (Osterwalder and Pigneur, 2010)

### 1.2.1. Customer Segments

Customer segments represent the specific groups of customers that a business aims to serve and fulfil the needs of. Identifying these segments is essential for aligning business strategies with customer expectations and preferences. (Osterwalder and Pigneur, 2010)

To effectively define customer segments, businesses must identify groups of individuals or organisations that share similar needs, behaviours, or other characteristics. These segments can vary in size, ranging from small niche markets to larger, more generalised groups. The decision about which target groups to focus on and which to deprioritise is crucial. A well-defined target group enables businesses to develop tailored business models that are more effective and aligned with the specific needs of the customers. (Osterwalder and Pigneur, 2010)

Customers belong to distinct segments if their needs require different product or service offerings, if they prefer different communication channels, if they demand unique types of customer relationships, if there are significant differences in profitability, or if they are willing to pay for varying aspects of a product or service. (Osterwalder and Pigneur, 2010)

To identify suitable customer segments, businesses should address questions such as:

- Who are we creating value for?

- Which customers are the most critical to our success?

By answering these questions, businesses can focus their efforts on the most relevant customer segments, ensuring a strategic allocation of resources and a better alignment of offerings with customer expectations. (Osterwalder and Pigneur, 2010)

### **Types of Customer Segments**

Businesses can structure their operations to serve different types of customer segments. Each type focuses on distinct customer needs and problems, shaping how value propositions, distribution channels, customer relationships, and revenue streams are defined. (Osterwalder and Pigneur, 2010)

- **Mass Market**

Companies targeting a mass market focus on a broad customer base with similar needs and challenges. In this approach, the value proposition, distribution channels, and customer relationships are designed to appeal to a large, homogeneous group. For example, the consumer electronics industry often employs this model to address the needs of a wide range of customers. (Osterwalder and Pigneur, 2010)

- **Niche Market**

A niche market strategy focuses on a narrowly defined customer segment with specific requirements. Businesses catering to these markets tailor their value propositions, distribution channels, and customer relationships to meet the unique needs of their customers. An example is the car parts manufacturing industry, which often designs products exclusively for specific car manufacturers. (Osterwalder and Pigneur, 2010)

- **Segmented Market**

Businesses targeting segmented markets serve multiple customer groups with slightly different needs and problems. Each segment requires adjustments to the value proposition, distribution channels, customer relationships, and revenue streams to address its specific demands. For instance, the micro-precision systems industry may serve the watchmaking, medical, and automation sectors, each requiring unique solutions tailored to their respective industries. (Osterwalder and Pigneur, 2010)

- **Diversified Market**

Diversified business models cater to unrelated customer segments with significantly different needs. This approach often requires distinct value propositions for each segment. A notable example is Amazon, which expanded its operations to include cloud computing services, addressing entirely different customer needs compared to its traditional e-commerce business. (Osterwalder and Pigneur, 2010)

- **Multi-sided Platforms/Markets**

Multi-sided platforms connect and serve two or more interdependent customer segments, both of which are essential for the business model to function. A common example is credit card companies, which rely on a base of credit card users and businesses that accept credit card payments. The value proposition and operations are designed to simultaneously address the needs of these independent groups. (Osterwalder and Pigneur, 2010)

By understanding these types of customer segments, businesses can better align their strategies to create value and sustain competitive advantage in their respective markets. (Osterwalder and Pigneur, 2010)

### **1.2.2. Value Proposition**

A value proposition represents a company's offering of products or services that create value for a specific customer segment. It is the primary reason a customer chooses one company over another. The value proposition addresses a customer's problem or need by providing a tailored solution. (Osterwalder and Pigneur, 2010)

This concept encompasses a package of products and services designed to meet the unique requirements of a particular customer group. Value propositions can range from being highly innovative and disruptive to resembling existing offerings, but with enhanced features and benefits that distinguish them from competitors. (Osterwalder and Pigneur, 2010)

To articulate a value proposition effectively, several key questions should be addressed:

- What value is delivered to the customers?
- Which customer problems does the company aim to solve?
- Which customer needs does the company seek to fulfil?
- What are the specific products and services offered to each customer segment?

By answering these questions, businesses can develop a clear and compelling value proposition that resonates with their target audience. (Osterwalder and Pigneur, 2010)

### **Key Elements of Value Creation**

A value proposition is delivered to customer segments through a mix of diverse elements, which can be either quantitative or qualitative. Quantitative values include aspects such as price or delivery speed, while qualitative values focus on factors like design and customer experience. (Osterwalder and Pigneur, 2010)

The key elements influencing value creation are as follows:

- **Newness**

Value is created by addressing entirely new needs that customers were previously unaware of. This is often driven by technological advancements. For example, the introduction of smartphones not only satisfied new needs but also established a completely new industry. (Osterwalder and Pigneur, 2010)

- **Performance**

Improved product performance can significantly enhance value. In the personal computer (PC) market, for instance, the demand is often driven by the availability of more powerful machines. (Osterwalder and Pigneur, 2010)

- **Customisation**

Tailoring products and services to the specific needs of individual customers or segments creates substantial value. The significance of customisation has grown with the advent of mass customisation and customer co-creation. This approach enables products and services to be customised while still benefiting from economies of scale. (Osterwalder and Pigneur, 2010)

- **“Getting the Job Done”**

Value is created by performing tasks on behalf of customers, allowing them to focus on their core activities. For example, Rolls-Royce not only manufactures jet engines but also provides maintenance services. Customers, such as airlines, can concentrate on running their businesses while paying Rolls-Royce based on engine operating hours. (Osterwalder and Pigneur, 2010)

- **Design**

Although design can be difficult to quantify, it often plays a crucial role in making a product stand out. Industries like fashion and consumer electronics are prime examples where design is a key differentiator. (Osterwalder and Pigneur, 2010)

- **Brand/Status**

A product or service can create value through the brand it represents or the status it conveys. For example, owning a Rolex watch signifies wealth and prestige. (Osterwalder and Pigneur, 2010)

- **Price**

Providing similar value at a lower price is a common strategy for appealing to price-sensitive customers. For instance, low-cost airlines have built entire business models around delivering affordable flights. Additionally, free offerings, such as free newspapers or mobile services, also cater to this need. (Osterwalder and Pigneur, 2010)

- **Cost Reduction**

Reducing customer costs is another effective way to create value. For example, customer relationship management (CRM) software operated by an external provider eliminates the need for businesses to manage such systems in-house, thus saving time and resources. (Osterwalder and Pigneur, 2010)

- **Risk Reduction**

Reducing the risks associated with purchasing a product or service adds value. For instance, a used car sold with a one-year warranty reduces the buyer's concerns about potential breakdowns or repair costs. (Osterwalder and Pigneur, 2010)

- **Accessibility**

Making products or services accessible to previously underserved or excluded customers can generate value. This can be achieved through innovations in business models, technological advancements, or both. For example, NetJets enabled more customers to access private jet services by offering fractional ownership and usage plans. (Osterwalder and Pigneur, 2010)

- **Convenience/Usability**

Simplifying and improving the ease of use of products or services enhances their value. Apple exemplified this by introducing the iPod and iTunes, which allowed customers to seamlessly search for and listen to their favourite music in digital formats. (Osterwalder and Pigneur, 2010)

Each of these elements demonstrates how businesses can create and deliver value to their customer segments, emphasising the importance of aligning offerings with customer needs and preferences. (Osterwalder and Pigneur, 2010)

### **1.2.3. Channels**

Channels play a critical role in how a company reaches its customer segments and communicates its value proposition. They represent the points of interaction between a company and its customers, ensuring that the company's offerings are effectively delivered and experienced. (Osterwalder and Pigneur, 2010)

There are three main types of channels that businesses utilise: communication channels, distribution channels, and sales channels. Each type serves as a crucial touchpoint where the company engages with its customers. (Osterwalder and Pigneur, 2010)

Channels serve several essential functions within a business model:

- **Raising Awareness:** They help create awareness about the company's brand and its offerings. (Osterwalder and Pigneur, 2010)

- **Facilitating Evaluation:** Customers use these channels to evaluate the company's value proposition and determine whether it meets their needs. (Osterwalder and Pigneur, 2010)
- **Enabling Purchase:** Channels provide the means for customers to purchase specific products or services. (Osterwalder and Pigneur, 2010)
- **Delivering Value:** They ensure the delivery of the value proposition to the customers. (Osterwalder and Pigneur, 2010)
- **Post-Purchase Support:** Channels also facilitate ongoing support and assistance after a purchase has been made. (Osterwalder and Pigneur, 2010)

To design effective channels, several key questions must be addressed:

- Through which channels do customer segments prefer to be reached?
- How are customers being reached currently?
- How well integrated are the company's various channels?
- Which channels are the most effective?
- Which channels provide the best cost efficiency?
- How do the channels align with customers' routines and habits?

By answering these questions, businesses can optimise their channels to enhance customer experience, improve operational efficiency, and ultimately achieve better alignment with their value proposition. (Osterwalder and Pigneur, 2010)

Channels play a critical role in how businesses deliver value to their customers. According to the authors, channels can be categorised into five distinct phases, each addressing specific aspects of the customer journey. Additionally, channels are divided into two types: direct and indirect, as well as owned and partner channels. Finding the optimal mix of channels to align with customer preferences is vital for achieving business success. (Osterwalder and Pigneur, 2010)

Businesses can reach their customers through owned channels, partner channels, or a combination of both. Owned channels include direct methods such as an in-house sales force or a company website, as well as indirect methods like retail stores owned or operated by the business. On the other hand, partner channels are exclusively indirect and encompass wholesale distributors, partner-owned websites, and retail outlets. (Osterwalder and Pigneur, 2010)

Each channel type has its own advantages and trade-offs. Partner channels generally involve lower profit margins but allow organisations to leverage the strengths of their partners to expand their reach. In contrast, owned channels—particularly direct ones—

offer higher margins but require significant investment and operational costs. (Osterwalder and Pigneur, 2010)

The integration and management of channels are crucial to enhancing customer experience and maximising revenue. Identifying the most suitable channels and combining them effectively ensures that businesses can meet their customers' needs efficiently. (Osterwalder and Pigneur, 2010)

The five phases of channels as described by the authors are as follows:

- **Awareness:** This phase focuses on creating awareness of the company's products and services. (Osterwalder and Pigneur, 2010)
- **Evaluation:** Here, the company assists customers in evaluating its value proposition. (Osterwalder and Pigneur, 2010)
- **Purchase:** This phase addresses how customers can purchase the company's products and services. (Osterwalder and Pigneur, 2010)
- **Delivery:** It involves delivering the promised value proposition to customers. (Osterwalder and Pigneur, 2010)
- **After-sales:** This phase ensures that customers receive post-purchase support to address their needs and concerns. (Osterwalder and Pigneur, 2010)

By carefully managing these phases and selecting the right mix of channels, businesses can effectively reach their target audience, build lasting relationships, and achieve their strategic goals. (Osterwalder and Pigneur, 2010)

#### **1.2.4. Customer Relationships**

The concept of customer relationships pertains to the nature of interactions a company establishes with its various customer segments. These relationships play a critical role in defining how a company engages with its customers and can range from highly personalised interactions to entirely automated processes. (Osterwalder and Pigneur, 2010)

It is essential for businesses to clearly identify the type of relationship they wish to foster with each customer segment. This clarity enables alignment with the strategic goals of customer acquisition, customer retention, and sales enhancement. The type of relationship chosen significantly influences the overall customer experience, making it a key factor in long-term customer satisfaction and loyalty. (Osterwalder and Pigneur, 2010)

To effectively build and manage customer relationships, businesses should address several fundamental questions:

- What kind of relationship does each customer segment expect from the company?
- What types of relationships are currently in place?
- What are the associated costs of maintaining these relationships?
- How do these relationships integrate with other aspects of the business model?

By systematically answering these questions, companies can ensure that their customer relationship strategies align with their broader operational and strategic objectives. (Osterwalder and Pigneur, 2010)

### **Categories of Customer Relationships**

In business, various types of customer relationships can emerge based on how companies interact with their customer segments (Osterwalder and Pigneur, 2010). These relationships are categorised as follows:

- **Personal Assistance**

This type of relationship relies on human interaction. Customers have the opportunity to communicate with a real person both before and after making a purchase. Such interactions can occur in various ways, including in-person meetings, phone calls via call centres, email correspondence, and more. (Osterwalder and Pigneur, 2010)

- **Dedicated Personal Assistance**

Here, a specific employee is assigned to work with a particular customer. This approach fosters deep, long-term relationships, as it involves personalised and ongoing interaction. A notable example is seen in the banking sector, where high-net-worth individuals are assigned a personal banker to maintain and nurture the relationship. (Osterwalder and Pigneur, 2010)

- **Self-Service**

Self-service eliminates direct interaction between the company and its customers. Instead, the company equips customers with the tools and resources they need to independently address their needs and concerns. (Osterwalder and Pigneur, 2010)

- **Automated Services**

Automated services integrate advanced self-service systems with automated processes to enhance customer experience. For example, a personalised online profile can offer tailored services and recognise individual customer preferences and characteristics. At their best, automated services not only support self-service but can also strengthen customer relationships by providing personalised recommendations, such as suggesting books or movies. (Osterwalder and Pigneur, 2010)

- **Communities**

Companies can foster stronger relationships with their customers by creating and maintaining user communities. These communities enable customers and potential customers to connect, share knowledge, and solve problems collaboratively. Through such platforms, companies gain valuable insights into customer expectations and preferences while facilitating stronger connections among community members. (Osterwalder and Pigneur, 2010)

- **Co-Creation**

In co-creation, companies engage customers in creating value for other customers. This approach often involves customer participation in designing innovative products or services. An example of co-creation is YouTube, where users generate content that is shared with and consumed by other users. (Osterwalder and Pigneur, 2010)

### **1.2.5. Revenue Streams**

The concept of Revenue Streams pertains to the ways in which a business generates income from its customers, focusing on what customers are willing to pay and how they make payments. Each customer segment may contribute to one or more revenue streams, depending on the nature of the business and its offerings. Importantly, these revenue streams often employ different pricing mechanisms. Common methods include fixed list prices, bargaining, auctioning, market-dependent pricing, and volume-based pricing, among others. (Osterwalder and Pigneur, 2010)

Revenue streams in a business model are generally categorised into two types:

- **Transactional Revenue:** This type of revenue is generated from one-time customer payments, typically associated with a single purchase or transaction. (Osterwalder and Pigneur, 2010)
- **Recurring Revenue:** This type involves ongoing payments from customers, either for the continued delivery of value propositions or for post-purchase support and services. (Osterwalder and Pigneur, 2010)

To define and optimise revenue streams effectively, businesses must address key questions:

- What value are customers genuinely willing to pay for?
- What do customers currently pay for?
- How are customers currently making their payments?
- How would customers prefer to pay?
- What proportion of the total revenue is contributed by each revenue stream?

Understanding and analysing these aspects allows businesses to tailor their revenue models to customer preferences, ensuring a sustainable and profitable business operation. (Osterwalder and Pigneur, 2010)

### **Key Models for Generating Income**

Businesses utilise various models to generate revenue, each tailored to specific industries and customer needs. These models are critical to understanding how companies sustain their operations and profitability. The primary revenue generation methods are described below:

- **Asset Sale**

This model involves generating revenue by selling ownership rights to a physical product. Once the transaction is complete, the buyer gains full control over the asset and can use, resell, or dispose of it as desired. An example is Fiat, which generates revenue by selling cars to customers. (Osterwalder and Pigneur, 2010)

- **Usage Fee**

Revenue in this model is based on the level of usage of a specific service. The more a customer uses the service, the more they are charged. For instance, hotels charge guests based on the number of nights they stay, while telecommunication operators bill customers according to the duration of their phone calls. (Osterwalder and Pigneur, 2010)

- **Subscription Fees**

Businesses employing this model generate revenue by offering continuous access to a service in exchange for a recurring fee. Examples include gyms that sell monthly memberships, allowing members to access their facilities, and digital platforms like Spotify and Netflix, which provide access to music and movies, respectively, on a subscription basis. (Osterwalder and Pigneur, 2010)

- **Lending, Renting, or Leasing**

This model involves temporarily granting customers the right to use a specific asset for a fixed period in exchange for a fee. The advantage for the provider is the potential for recurring revenue, while customers benefit from access to assets without bearing the full costs of ownership. A common example is car rental services, which allow customers to enjoy vehicles for a fraction of the cost of purchasing one. (Osterwalder and Pigneur, 2010)

- **Licensing**

Licensing generates revenue by granting customers permission to use intellectual property in exchange for a licensing fee. This model enables IP holders to earn income without needing to produce physical goods or directly offer services. It is

prevalent in the media and technology sectors, where content owners retain copyright while licensing usage rights. Similarly, patent holders earn fees by allowing other companies to use their patented technologies. (Osterwalder and Pigneur, 2010)

- **Brokerage Fees**

In this model, revenue is earned by facilitating transactions between two or more parties. Real estate brokers, for example, receive a commission for matching buyers and sellers. Another example is credit card providers, who earn a small percentage from each transaction when their cards are used for purchases. (Osterwalder and Pigneur, 2010)

- **Advertising**

Revenue is generated by promoting specific products, services, or brands. This model is widely employed in industries such as event organisation and media, where income from advertisements forms a significant portion of overall revenue. (Osterwalder and Pigneur, 2010)

These revenue models highlight the diverse strategies companies employ to monetise their products, services, and intellectual property effectively. Each model has unique advantages and is suited to specific business contexts, demonstrating the importance of aligning revenue generation strategies with market demands. (Osterwalder and Pigneur, 2010)

### **Pricing Mechanisms**

Each revenue stream within a business may utilise a distinct pricing mechanism, and the choice of mechanism can significantly influence the resulting revenue. Pricing mechanisms are generally categorised into two main types: fixed pricing and dynamic pricing, each with unique characteristics and applications. (Osterwalder and Pigneur, 2010)

#### **Fixed Pricing Mechanisms**

Fixed pricing involves predetermined prices based on static variables (Osterwalder and Pigneur, 2010). The most common fixed pricing strategies include:

- **List Price:** Prices are fixed for individual value propositions, such as specific products or services. (Osterwalder and Pigneur, 2010)
- **Product Feature-Dependent Pricing:** Prices vary depending on the features, quality, or other attributes of the value proposition. (Osterwalder and Pigneur, 2010)
- **Customer Segment Pricing:** Prices are tailored to the characteristics of specific customer segments, reflecting their unique needs or purchasing power. (Osterwalder and Pigneur, 2010)

- **Volume-Dependent Pricing:** Prices are adjusted based on the quantity purchased, often incentivising larger purchases with discounts or tiered pricing. (Osterwalder and Pigneur, 2010)

### **Dynamic Pricing Mechanisms**

Dynamic pricing, by contrast, allows prices to fluctuate based on market conditions and other external factors (Osterwalder and Pigneur, 2010). Key dynamic pricing strategies include:

- **Negotiation-Based Pricing:** Prices are determined through negotiation between two or more parties, heavily influenced by negotiation skills and power dynamics. (Osterwalder and Pigneur, 2010)
- **Yield Management:** Prices are adjusted based on inventory levels and timing of purchase, commonly used in industries such as hospitality and airlines. (Osterwalder and Pigneur, 2010)
- **Real-Time Market Pricing:** Prices are dynamically set according to current supply and demand conditions, often seen in commodities or stock markets. (Osterwalder and Pigneur, 2010)
- **Auction-Based Pricing:** Prices are established through competitive bidding, where buyers determine the final price through their offers. (Osterwalder and Pigneur, 2010)

The strategic selection and implementation of these pricing mechanisms can optimise revenue generation by aligning pricing strategies with market demands and customer preferences. (Osterwalder and Pigneur, 2010)

### **1.2.6. Key Resources**

Key Resources are the essential assets and capabilities that a business requires for its model to function effectively. These resources play a critical role in enabling a company to develop and deliver its Value Proposition, reach its target markets, build and sustain relationships with its Customer Segments, and ultimately generate revenue. (Osterwalder and Pigneur, 2010)

The nature of Key Resources varies depending on the specific business model (Osterwalder and Pigneur, 2010). They can be categorised into four primary types:

- **Physical resources** – such as equipment, buildings, and raw materials (Osterwalder and Pigneur, 2010).
- **Financial resources** – including funding, lines of credit, and cash reserves (Osterwalder and Pigneur, 2010).
- **Intellectual resources** – such as patents, proprietary knowledge, and brands (Osterwalder and Pigneur, 2010).

- **Human resources** – including skilled employees, leadership, and organisational culture (Osterwalder and Pigneur, 2010).

These resources can be obtained in different ways: they may be owned directly by the company, leased, or accessed through partnerships with Key Partners (Osterwalder and Pigneur, 2010).

To identify the Key Resources required for a business model, companies need to address critical questions, such as:

- What Key Resources are necessary to deliver our Value Propositions?
- What do our Distribution Channels depend on?
- What resources are required to maintain Customer Relationships?
- What resources are essential to support Revenue Streams?

By thoroughly evaluating these aspects, businesses can ensure they allocate and manage their Key Resources effectively to support their strategic objectives. (Osterwalder and Pigneur, 2010)

### **Categories of Key Resources**

Key resources, essential for the functioning and success of any business model, can be categorised into four primary groups: physical, intellectual, human, and financial. Each category plays a distinct role in supporting an organisation's operations and achieving its objectives. (Osterwalder and Pigneur, 2010)

- **Physical Resources**

Physical Resources include tangible assets such as buildings, manufacturing facilities, machinery, vehicles, and systems, including sales systems, IT infrastructure, and distribution networks. These resources often require significant capital investment. For instance, a robust distribution network is critical for retail businesses, ensuring that products are delivered efficiently to customers. (Osterwalder and Pigneur, 2010)

- **Intellectual Resources**

Intellectual Resources refer to non-physical assets such as brands, proprietary knowledge, patents, copyrights, partnerships, and customer databases. These resources have gained increasing importance in the modern economy due to their ability to deliver substantial value. Developing intellectual resources is often challenging, but they are crucial for long-term success. For example, Microsoft heavily relies on its software and intellectual property, which it has developed and refined over decades. Consumer goods companies also place significant emphasis on their brands as key drivers of market differentiation and customer loyalty. (Osterwalder and Pigneur, 2010)

- **Human Resources**

Human Resources are important to every organisation. However, in knowledge-intensive and creative industries, they represent the most critical resource. Skilled professionals and innovative thinkers are indispensable for industries like pharmaceuticals, where knowledge and expertise drive research, development, and sales. For example, a pharmaceutical company depends heavily on its employees' specialised knowledge and its ability to maintain a highly skilled sales force. (Osterwalder and Pigneur, 2010)

- **Financial Resources**

Financial Resources include assets such as cash, credit lines, and stock options, which are essential for certain business models. Companies often use financial resources to attract key talent or to secure opportunities in competitive markets. For instance, Ericsson frequently borrows from banks and capital markets to finance projects, enabling the company to secure new customers who might otherwise turn to competitors. (Osterwalder and Pigneur, 2010)

### **1.2.7. Key Activities**

Key Activities represent the essential tasks that a business must carry out to operate successfully. These activities are critical for creating and delivering the company's Value Proposition, reaching target markets, maintaining strong relationships with Customer Segments, and generating revenue. (Osterwalder and Pigneur, 2010)

The specific Key Activities vary depending on the type of business model. For instance, Microsoft focuses on software development as a Key Activity, while consultancy firms prioritise problem-solving as a core function. (Osterwalder and Pigneur, 2010)

To identify Key Activities, businesses must consider the following questions:

- What Key Activities are necessary to deliver our Value Propositions?
- What activities are required to operate our Distribution Channels?
- What do we need to do to maintain our Customer Relationships?
- What is essential to sustain our Revenue Streams?

By answering these questions, companies can determine the core actions needed to support their business model effectively. (Osterwalder and Pigneur, 2010)

### **Categories of Key Activities**

Key activities within businesses can generally be categorised into three main types: production, problem-solving, and platform/network activities. Each category serves a

distinct purpose and is often aligned with the specific nature of the business. (Osterwalder and Pigneur, 2010)

- **Production Activities**

Production activities involve the design, manufacture, and delivery of products, with a focus on either high volume or superior quality. These activities are fundamental to manufacturing companies, where consistent processes are essential to meet production goals. For instance, the development of assembly lines or quality assurance systems are key examples of production activities. (Osterwalder and Pigneur, 2010)

- **Problem-Solving Activities**

Problem-solving activities address the creation of tailored solutions to meet specific customer needs or resolve unique challenges. These activities are prevalent in service-oriented organisations such as hospitals or consultancy firms, where expertise and adaptability are critical. Knowledge management systems, along with continuous training, often play a significant role in supporting problem-solving activities within these environments. (Osterwalder and Pigneur, 2010)

- **Platform/Network Activities**

Businesses that rely on platforms as key resources focus on platform/network activities. Platforms can take various forms, including digital networks, matchmaking platforms, software ecosystems, or even brands. For example, eBay continually enhances its website platform to maintain usability and competitiveness, while Microsoft oversees third-party software integration for its Windows operating system. These activities include managing the platform, ensuring service delivery, and promoting the platform to sustain its relevance and utility. (Osterwalder and Pigneur, 2010)

### **1.2.8. Key Partnerships**

Key partnerships refer to the individuals or organisations that are essential for a business to operate effectively. These partnerships often include both strategic collaborators and suppliers who contribute to the smooth functioning of the business. (Osterwalder and Pigneur, 2010)

Partnerships play a critical role in optimising operations, mitigating risks, and efficiently allocating resources within a business model. Based on their purpose and structure, four main types of partnerships can be identified:

- **Strategic Alliances between Non-Competitors:** Collaborations between businesses that do not directly compete, often aiming to complement each other's strengths.
- **Cooperation between Competitors:** Strategic agreements between rival companies that seek to achieve shared goals while maintaining competition in other areas.

- **Joint Ventures:** Partnerships established to develop and launch new business ventures, combining resources and expertise from multiple entities.
- **Buyer-Supplier Relationships:** Agreements that ensure the reliable procurement of essential supplies or services, fostering stability in operations.

In defining key partnerships, businesses must consider several important questions:

- Who are our key partners?
- Who are our most critical suppliers?
- What essential resources are we acquiring through our partners?
- What vital activities are performed by our partners?

By addressing these questions, businesses can strategically identify and leverage partnerships that enhance their overall value proposition and competitive edge. (Osterwalder and Pigneur, 2010)

### **Reasons for Establishing Business Partnerships**

In the context of modern business operations, partnerships play a vital role in enhancing efficiency, reducing risks, and acquiring essential resources (Osterwalder and Pigneur, 2010). Three primary motivations for creating partnerships can be identified:

- **Optimisation and Economies of Scale**

Partnerships often aim to optimise resource allocation and streamline activities. By forming relationships between buyers and suppliers, companies can avoid the need to own and manage every activity internally. This approach frequently reduces costs and may involve outsourcing or sharing infrastructure. For instance, a company might collaborate with external suppliers to manage logistics, thereby focusing its internal resources on core business functions. (Osterwalder and Pigneur, 2010)

- **Risk and Uncertainty Reduction**

In uncertain environments, partnerships provide a way to share and mitigate risks. Strategic alliances can emerge even between competitors in certain areas. A notable example is the development of Blu-ray technology, which was spearheaded by a consortium of leading electronics, computer, and media companies. These companies collectively brought Blu-ray to market but later competed individually in selling Blu-ray products. Such alliances demonstrate how businesses can cooperate in shared goals while maintaining competitive dynamics in other domains. (Osterwalder and Pigneur, 2010)

- **Access to Specific Resources and Activities**

Few companies possess all the resources or capabilities required to fully support their business models. Rather than attempting to develop everything independently,

businesses often find it more practical to form partnerships that grant access to essential resources or allow the execution of specialised activities. For example, a mobile phone manufacturer might prefer to acquire a licence for specific software rather than invest time and resources into developing it in-house. Partnerships driven by this need can provide knowledge, access to customers, or essential intellectual property. (Osterwalder and Pigneur, 2010)

Partnerships enable businesses to optimise operations, reduce exposure to risks, and acquire critical assets or capabilities. These collaborations are fundamental in navigating the complexities of competitive and resource-intensive markets. (Osterwalder and Pigneur, 2010)

### 1.2.9. Cost Structure

The cost structure refers to the major expenses that a business incurs while operating and delivering its products or services. It involves identifying the different types of costs associated with creating and delivering value to customers, maintaining customer relationships, and generating revenue. (Osterwalder and Pigneur, 2010)

Calculating costs becomes more manageable once the key components of the business model, such as key resources, key activities, and key partnerships, are clearly defined. By understanding these elements, businesses can estimate the costs related to their operations. (Osterwalder and Pigneur, 2010)

Certain business models are more cost-driven than others. For instance, low-cost airlines are an example of a business built around a cost-efficient structure, where every system is designed to minimise costs. (Osterwalder and Pigneur, 2010)

To better understand the cost structure of a business, several key questions should be considered, such as:

- What are the most significant costs associated with our business model?
- Which key resources represent the largest expenses?
- Which key activities are the most costly?

These questions help pinpoint the areas where costs are concentrated and provide insights into managing and optimising the business's financial structure (Osterwalder and Pigneur, 2010).

Every business model aims to minimise costs to some extent. However, certain business models emphasise low-cost structures as a central focus more than others. Business models can be broadly categorised into two types based on their cost structure: **cost-driven** and **value-driven**. It is worth noting that most businesses operate somewhere

between these two extremes rather than adhering strictly to one approach. (Osterwalder and Pigneur, 2010)

### **Cost-Driven Business Models**

Cost-driven business models prioritise minimising costs wherever possible. Their main objective is to achieve the lowest cost structure while maintaining competitiveness. These models often rely on strategies such as offering low prices, maximising automation, and outsourcing operations to external partners. A typical example of a cost-driven business model is found in low-cost airlines like easyJet and Ryanair, which focus on providing affordable travel by cutting operational costs to a minimum. (Osterwalder and Pigneur, 2010)

### **Value-Driven Business Models**

In contrast, value-driven business models place greater emphasis on creating and delivering exceptional value rather than solely focusing on cost reduction. These models are characterised by premium value propositions and the potential for highly personalised services tailored to individual customer needs. Examples of value-driven business models include luxury hotels and exclusive high-end services, where the primary objective is to provide a superior and unique customer experience, often at a premium price. (Osterwalder and Pigneur, 2010)

### **Characteristics of Cost Structures**

Cost structures in businesses can be broadly categorised into several key components, each with distinct characteristics that influence operational efficiency and financial performance (Osterwalder and Pigneur, 2010).

- **Fixed Costs**

Fixed costs remain constant regardless of the volume of goods or services a company produces. These expenses are predictable and do not fluctuate with production levels, making them a critical component of financial planning. Examples of fixed costs include salaries, rent, and expenses associated with physical manufacturing facilities. Manufacturing companies typically bear a higher proportion of fixed costs due to the nature of their operations, which often involve substantial investments in infrastructure and equipment. (Osterwalder and Pigneur, 2010)

- **Variable Costs**

In contrast to fixed costs, variable costs change in direct relation to the volume of production or services provided. These costs increase as production scales up and decrease when production levels decline. Businesses with operations that are highly dependent on fluctuating demand, such as music festivals, tend to have a larger

proportion of variable costs. This allows for greater flexibility in managing expenditures based on market conditions. (Osterwalder and Pigneur, 2010)

- **Economies of Scale**

Economies of scale refer to the cost advantages that a business achieves as its output increases. Larger-scale production enables businesses to lower the cost per unit by spreading fixed costs over a greater number of units and negotiating better terms for bulk purchases. For example, a large company placing a bulk order for raw materials may secure lower per-unit costs due to higher purchase volumes. (Osterwalder and Pigneur, 2010)

- **Economies of Scope**

Economies of scope arise from cost efficiencies gained through a diversified range of operations. In large organisations, resources such as marketing activities or distribution channels can be utilised for multiple products, reducing overall expenses. This strategic approach enables businesses to maximise the value of shared resources and achieve cost savings across different product lines. (Osterwalder and Pigneur, 2010)

### **1.3. The 7S Framework**

The 7S framework is a tool designed to evaluate and improve a company's effectiveness by evaluating seven internal factors: structure, strategy, systems, style, staff, skills, and superordinate goals (now commonly referred to as shared values). This framework was created to help organisations deal with decision-making and improve management. (Waterman, Peters, and Phillips, 1980)

One of the key insights of the framework is that organisations cannot make decisions entirely rationally. Most companies struggle to maximise their performance because their goals are unclear. Additionally, individual managers within the same company may have different ideas about the direction the company should take. These complexities make it difficult for managers to work effectively. (Waterman, Peters, and Phillips, 1980)

The authors of the 7S framework developed it to help companies solve these challenges and improve their ability to manage change. The framework serves as a diagnostic tool, enabling companies to identify inefficiencies and develop targeted improvement programmes. The creators argued that structure alone is not enough to drive organisational success. Instead, effectiveness depends on the combination of all seven factors. As Waterman, Peters, and Phillips (1980) explained, “effective organisational change is really the relationship between structure, strategy, systems, style, skills, staff, and...superordinate goals.” (Waterman, Peters, and Phillips, 1980)

A central idea of the framework is that overall organisational effectiveness comes from the interactions between these factors. Some of these factors, such as shared values or organisational style, may not be obvious or easy to analyse, but they are crucial. This makes the 7S framework a valuable framework for understanding how a company operates. It encourages managers to assess each of the seven factors to ensure they are aligned. (Waterman, Peters, and Phillips, 1980)

For a company undergoing change, it is essential to evaluate and adjust all seven factors of the framework. Ideally, all of them should work in harmony, pointing in the same direction. When this alignment is achieved, a company is more likely to operate efficiently and successfully adapt to change. (Waterman, Peters, and Phillips, 1980)

### **1.3.1. Why the 7S framework looks as it does**

The 7S framework is designed this way because many factors influence a company's ability to change and how it approaches change. The framework highlights that all its components are interconnected, making it difficult to make significant changes to one part without affecting the others. When planning a strategy, it is crucial to focus on more than just one element of the framework. Additionally, the diagram's circular shape reflects that there is no fixed starting point. Each company begins in a different place, depending on its unique circumstances. (Waterman, Peters, and Phillips, 1980)

### **1.3.2. Structure**

Structure plays a crucial role in companies by dividing tasks and ensuring proper coordination among different departments. As companies grow, the number of employees increases steadily, but the complexity of interactions needed to make things function properly rises much faster. This means that larger companies must decentralise their operations to remain flexible and efficient. (Waterman, Peters, and Phillips, 1980)

When companies expand, they often create new divisions to handle specific tasks or responsibilities. However, this doesn't mean older divisions are removed; instead, they are maintained alongside the new ones. This growth brings the challenge of balancing task division with effective coordination, ensuring that everything works smoothly. (Waterman, Peters, and Phillips, 1980)

To succeed, companies must focus on the areas that are most important to their current development. At the same time, they need to remain adaptable, ready to change their priorities. (Waterman, Peters, and Phillips, 1980)

### **1.3.3. Strategy**

Strategy plays an important role in determining the success of a company. It is closely linked to structure, as having clear strategic goals makes designing an effective

organisational structure easier. A well-defined strategy allows a company to adapt to changes in the external environment, including shifts in customer needs and increased competition. (Waterman, Peters, and Phillips, 1980)

According to Waterman, Peters, and Phillips (1980), strategy involves the actions a company plans in response to or in anticipation of external changes. In a competitive and constantly evolving market, having a thought-out strategy is essential for maintaining or improving a company's position. This may involve lowering costs, offering better customer service, or delivering superior products. Strategy defines how a company creates a distinct advantage over its competitors. (Waterman, Peters, and Phillips, 1980)

While strategy is the cornerstone of achieving success, it must be supported by other elements within the organisational framework. This connection highlights the importance of integrating strategy not only into organisational design but also into everyday work practices. (Waterman, Peters, and Phillips, 1980)

#### **1.3.4. Systems**

Systems refer to the processes and procedures that the company uses to operate smoothly and achieve its goals. According to Waterman, Peters, and Phillips (1980), systems play a dominant role in the organisational framework. They are essential for helping companies successfully reach their objectives.

When a company needs to implement changes without causing major disruptions, systems can be an excellent starting point. They reflect the current state of the company and provide insights into its activities. By focusing on systems, organisations can significantly improve their effectiveness and make meaningful progress towards their goals. (Waterman, Peters, and Phillips, 1980)

#### **1.3.5. Style**

Recognising the importance of managerial style is usually straightforward, but taking effective action to shape it is often more difficult. A crucial distinction lies between the personality of a top-management team and how that team is perceived within the company. While employees may listen to what managers say, they ultimately place more trust in visible actions and consistent behaviour. It is these patterns of action, rather than words, that shape belief systems and influence company culture. This means that managerial style can and should be precisely shaped and managed to achieve success. (Waterman, Peters, and Phillips, 1980)

One key aspect of managerial style is how leaders allocate their time. Research shows that the median time a top manager spends on a single issue is just nine minutes.

Despite that, these moments provide opportunities to share ideas, reinforce messages, and guide employees in specific directions. Successful leaders prioritise activities that are crucial to the company's success. (Waterman, Peters, and Phillips, 1980)

Another sign of successful companies is the composition of their leadership teams. These organisations often have more board members who deeply understand the company's core activities. Moreover, when discussions around a particular idea or innovation begin circulating informally within a company, even before it is fully defined, it becomes more likely that the organisation will embrace and adapt to that idea effectively. (Waterman, Peters, and Phillips, 1980)

Style, however, extends beyond the actions of top managers. It reflects the broader company culture and its ability to drive organisational change. For a company to take advantage of a business opportunity, its culture must align with the demands of that opportunity. When organisational culture fails to adapt with a new business direction, the effort is likely to fall short. Therefore, the alignment of style, culture, and opportunity is essential for sustained success. (Waterman, Peters, and Phillips, 1980)

#### **1.3.6. Staff**

When discussing staff and people within a company, it is helpful to view them through two distinct lenses. The first focuses on structural elements such as evaluation systems, pay scales, and formal training programmes. These are typically assigned to the human resources department. The second lens encompasses aspects like morale, motivation, attitudes, and behaviour. Unfortunately, senior management often neglects both. Structural systems are seen as routine administrative tasks, while efforts to address attitudes and behaviours are avoided. (Waterman, Peters, and Phillips, 1980)

It is important to ask and answer these questions. What do the best-performing companies do to boost the development of managers? How do they instil core values within their management teams? Research suggests that companies that succeed tend to focus significantly on what can be called the "socialisation process." This process introduces new employees to the organisation's principles and plays a critical role in shaping future managers. (Waterman, Peters, and Phillips, 1980)

Top-performing companies often give young managers roles tied directly to the organisation's core operations, entrusting them with real responsibilities. This hands-on experience not only helps them to become more familiar with the business but also instils a sense of responsibility and ownership. (Waterman, Peters, and Phillips, 1980)

Viewing employees as a valuable resource that must be nurtured, protected, and strategically deployed transforms the staffing function from a mere operational necessity into a source of competitive advantage. For this reason, senior management

must take an active role in overseeing these systems, recognising that well-managed staff development is an investment in the organisation's long-term success. (Waterman, Peters, and Phillips, 1980)

### **1.3.7. Skills**

A company's unique skills and abilities define what sets it apart from its competitors. These capabilities, rather than the company's strategy or structure, represent its true competitive advantage. In other words, a business is best defined by what it excels at and the knowledge and expertise that make it successful. (Waterman, Peters, and Phillips, 1980)

However, to stay competitive, companies often need to develop new skills and capabilities. This can become challenging when entering new markets or decentralising operations, as highly refined skills may be lost in the process. Maintaining flexibility and adaptability is essential to ensure the smooth transition of skills. (Waterman, Peters, and Phillips, 1980)

Adopting new capabilities often requires companies to let go of older ones. This process of change allows businesses to remain innovative and aligned with market demands, but it also requires careful planning to preserve essential skills. (Waterman, Peters, and Phillips, 1980)

### **1.3.8. Superordinate goals / Shared values**

Superordinate goals, also known as shared values, form the guiding principles of a company. These are the fundamental aspirations and beliefs that drive the company forward. They define the company's long-term direction and represent its commitment to leaving a meaningful impact. These goals do not just apply to leadership but are meant to inspire and unify everyone in the company. (Waterman, Peters, and Phillips, 1980)

Shared values act as the foundation on top of which businesses are built. They are the starting principles that shape the systems. Their true value lies in their practicality, serving as a compass for the company's actions and decisions. (Waterman, Peters, and Phillips, 1980)

By aligning the team under these shared values, organisations foster stability and cohesion. They motivate individuals to work together towards a common vision, reinforcing a sense of purpose. To be effective, shared values should be concise, making them easy to communicate and remember. (Waterman, Peters, and Phillips, 1980)

Although these values are often abstract and might be challenging for outsiders to understand, they are important for all members of the company. For employees, they

provide clarity and a sense of purpose, making them a crucial tool for leadership. A key role of leaders is ensuring that shared values resonate deeply within the company and guide its evolution. (Waterman, Peters, and Phillips, 1980)

#### **1.4. The Vision of a Company**

A company's vision serves as a guiding principle, helping to determine what core elements should remain unchanged and what actions or transformations the company should pursue. According to James C. Collins and Jerry I. Porras (1996) work *Building Your Company's Vision*, an effective vision consists of two fundamental components: the core ideology and the envisioned future. These elements are compared to yin and yang, emphasising their complementary nature. (Collins and Porras, 1996)

The core ideology, representing the "yin" of the framework, defines the company's essential character—what it stands for and why it exists. This aspect of the vision is enduring and unchangeable, providing stability and continuity over time. In contrast, the envisioned future, or "yang," represents what the company aspires to achieve, create, or become. This component requires constant innovation and significant changes to bring the company closer to its long-term goals. (Collins and Porras, 1996)

By combining these two elements, companies can establish a vision that balances consistency with progress, offering a clear and compelling path forward while staying true to their foundational principles. (Collins and Porras, 1996)

##### **1.4.1. Core Ideology**

The core ideology represents the enduring essence of an organisation. It is a fundamental and unchanging aspect of a company, persisting even when everything else evolves. These changes may include shifts in market conditions, technological advancements, management transitions, or even a change in ownership or leadership. (Collins and Porras, 1996)

The most significant contribution of a company's founders is their ability to define and instil this core ideology. It acts as the foundation that shapes the organisation's identity and purpose over time. (Collins and Porras, 1996)

Some argue that understanding "who you are" as an organisation is even more critical than knowing "where you are going." This perspective emphasises that while goals and directions may shift in response to external changes, the core ideology remains constant, providing stability and guiding the organisation through its journey. (Collins and Porras, 1996)

#### **Core Values**

Core values represent the fundamental principles that guide the actions and decisions of an organisation. These values hold significant importance for individuals within the company, shaping its identity and influencing its long-term direction. They are not merely aspirational; instead, they reflect what the company truly stands for and its intrinsic beliefs. (Collins and Porras, 1996)

Interestingly, core values can serve as both a competitive advantage and a potential limitation. While they differentiate a company and define its unique character, they may also restrict flexibility in certain situations. Nevertheless, their primary purpose is to express the organisation's essence and commitments. (Collins and Porras, 1996)

Core values are highly individualised and specific to each company. There is no universal set of "right" core values that can be applied uniformly across all organisations. This individuality underscores the need for each company to identify and embrace values that resonate deeply with its culture and purpose. (Collins and Porras, 1996)

Most companies typically define a small number of core values, usually between three and five. This limited number ensures that the values remain truly "core" to the organisation. The fewer the values, the greater their significance and influence. Moreover, these values are often enduring, undergoing little to no change over time. This stability reinforces their role as foundational elements of the company's identity. (Collins and Porras, 1996)

### **Creating a Company's Vision**

Developing a company's vision begins with identifying values that are truly fundamental to the organisation. These core values should be timeless and remain constant, regardless of external circumstances or market trends. It is essential to distinguish core values from operating practices, business strategies, or cultural norms, which are adaptable and subject to change over time. (Collins and Porras, 1996)

To determine whether a value is truly core, a key question must be asked: *If circumstances changed significantly, even to the point where maintaining this value would result in penalties or losses, would we still uphold it?* If the answer is no, then the value in question cannot be considered core. (Collins and Porras, 1996)

Once identified, a company's core values become the guiding principles that drive its actions. Organisations commit fully to realising these values, even if doing so requires them to influence or reshape the market rather than compromise their principles. (Collins and Porras, 1996)

The sustainability and growth of the company depend on individuals who not only understand its core values deeply but also possess exceptional skills. Often referred to

as the "Mars Group," these key individuals play a pivotal role in ensuring that the company adheres to its foundational principles while fostering innovation and long-term development. (Collins and Porras, 1996)

Developing a clear vision requires contributions from both individuals and the entire organisation. Individuals involved in defining core values should reflect deeply on their personal beliefs and answer key questions to identify values that are truly fundamental and enduring. These questions are: *“What core values do you personally bring to your work, values so integral that you would uphold them even if they were not recognised or rewarded? What would you teach your children about the values you uphold at work and hope they will adopt in their future careers? If financial independence allowed you to retire tomorrow, would you still embody these values? Can you see these values being as relevant 100 years from now as they are today? Would you adhere to these values even if they became a competitive disadvantage? If you were to establish a new organisation in an entirely different industry, what core values would you carry over?”* (Collins and Porras, 1996, p. 68)

The final three questions are especially important, as they help distinguish between true core values, principles that remain constant over time, and practices or strategies, which may evolve. Answering these questions ensures clarity in identifying and fostering the organisation’s foundational values. (Collins and Porras, 1996)

### **Core Purpose**

The core purpose of a company represents its fundamental reason for existence. It reflects the organisation’s deeper, idealistic motivations, driving its actions beyond just profit-making. Unlike goals or strategies, which are subject to change over time, the core purpose remains constant, providing a stable foundation for the company's identity and aspirations. (Collins and Porras, 1996)

This enduring nature of the core purpose acts as a source of inspiration for transformation and innovation. However, defining the core purpose can sometimes be problematic, especially when it is based mainly on the company’s current circumstances. While situations and environments may evolve, the core purpose should remain unchanged, offering consistent guidance regardless of external changes. (Collins and Porras, 1996)

One effective approach to discovering a company’s core purpose is through the “5 Whys” method. This involves repeatedly asking “why” something is important, typically five times, to uncover the deeper motivations behind the organisation’s activities. By peeling back the layers of reasoning, this method can reveal a purpose that

genuinely inspires and unites people at all levels of the company. (Collins and Porras, 1996)

A well-articulated core purpose should guide and inspire employees, stakeholders, and leaders alike. It goes beyond maximising shareholder value, as focusing solely on financial returns does not evoke the same sense of motivation or direction. While profitability is essential for sustaining operations, it is the core purpose that provides meaning and fosters a sense of collective aspiration within the organisation. (Collins and Porras, 1996)

The achievements of great companies are not solely measured by financial success but by how effectively they fulfil their core purpose. This perspective emphasises that a company's ultimate value lies in its mission rather than its monetary gains. (Collins and Porras, 1996)

One approach to uncovering a company's purpose involves an imaginative exercise for its owner. The owner is asked to consider a hypothetical scenario: An offer is made to buy the company, but accepting it would mean the complete and permanent dissolution of the business. The owner is then prompted to reflect on questions such as: "*Would you accept the offer? Why or why not? What would be lost if the company stopped to exist? Why is it important that the company continue to exist?*" (Collins and Porras, 1996, p.71). These questions encourage the owner to look beyond financial considerations and recognise the broader significance of the organisation. (Collins and Porras, 1996)

Similarly, the Mars Group framework proposes engaging key personnel in discussions about purpose. The group is asked: "*How could we frame the purpose of this organisation so that if you woke up tomorrow morning with enough money in the bank to retire, you would nevertheless keep working here? What deeper sense of purpose would motivate you to continue to dedicate your precious creative energies to this company's efforts?*" (Collins and Porras, 1996, p. 71). These reflective questions aim to uncover the intrinsic motivations and deeper meaning that drive individuals to remain committed to their work. (Collins and Porras, 1996)

Ultimately, the most dedicated and motivated individuals are often those who perceive a strong sense of purpose in their roles. Such "volunteers" willingly invest their time and energy because they believe in the company's mission and find personal fulfilment in contributing to it. (Collins and Porras, 1996)

#### **1.4.2. Discovering Core Ideology**

Core ideology represents the fundamental beliefs and values of an organisation. It is not something that can be created or imposed but must instead be discovered by examining the organisation's true nature. This process requires introspection and honest evaluation

of the company's core values. Key questions to ask include: *What values do we truly and passionately hold?* The answers must reflect authentic beliefs rather than aspirational values that the organisation feels it *should* have. (Collins and Porras, 1996)

Values that a company aspires to develop but does not currently embody are part of its future strategic goals rather than its core ideology. However, if certain values have weakened over time and the organisation wishes to restore their prominence, these can be considered part of the core ideology, as they represent foundational principles that the company seeks to reaffirm. (Collins and Porras, 1996)

The primary purpose of core ideology is to guide and inspire rather than to differentiate a company from its competitors. Multiple companies may share similar core values or purposes, but what distinguishes them is the extent to which they authentically, consistently, and with discipline uphold their ideology. Authenticity in adhering to these principles is what gives core ideology its power. (Collins and Porras, 1996)

Importantly, core ideology is meant to resonate most strongly with the people within the organisation. It acts as a source of motivation for employees and serves as a benchmark for long-term commitment to the company's values. This internal focus also means that the ideology naturally attracts individuals whose personal values align with the company's, while discouraging those who do not share the same principles. (Collins and Porras, 1996)

A key aspect of successful organisations is their ability to attract individuals who resonate with their core ideology. This process is not about persuading everyone to adopt the organisation's ideology but rather about identifying and connecting with those who naturally align with its values. When the core ideology is clearly articulated, it will inherently attract some people while encouraging others to disengage. This selective alignment is essential for building a cohesive and committed team. (Collins and Porras, 1996)

The core purpose of an organisation does not necessarily need to be explicitly communicated to external audiences. What matters most is whether the members within the organisation understand, accept, and live by this purpose in their daily actions and decisions. Over time, the way the core ideology is expressed may evolve, but its essence remains constant. (Collins and Porras, 1996)

Once the core ideology is clearly identified, managers at various levels should develop personalised statements that reflect this ideology. These statements serve as a tool to communicate the organisation's core values to their respective teams, ensuring alignment across all levels. (Collins and Porras, 1996)

It is important to distinguish between core ideology and core competence. The core ideology defines what the organisation stands for and its reason for existence. Core competence, on the other hand, refers to the specific skills and capabilities the organisation excels at. While core competencies should align with the core ideology, they are not the same. Unlike core ideology, which remains unchanged, core competencies may evolve over time in response to external factors and organisational needs. (Collins and Porras, 1996)

Core ideology represents the unchanging foundation of an organisation, while everything outside of this core is subject to change and adaptation. Recognising and maintaining this distinction is crucial for long-term success and organisational effectiveness. (Collins and Porras, 1996)

### **1.4.3. Envisioned Future**

The envisioned future represents the second primary component of a vision. It consists of two key elements: a long-term, ambitious goal spanning 10 to 30 years, and a vivid description of what achieving this goal will look and feel like. This concept balances two contrasting qualities. On one hand, it is meant to be tangible, concrete, and realistic. On the other, it embraces the realm of dreams, hopes, and aspirations, pushing beyond current boundaries. (Collins and Porras, 1996)

Visionary companies often employ ambitious missions known as BHAGs—Big, Hairy, Audacious Goals—as a driving force for progress. Unlike ordinary goals, a BHAG presents a formidable challenge that inspires and unites teams, fostering a strong sense of purpose and friendship. (Collins and Porras, 1996)

A BHAG is designed with a clear finish line, making it easy to recognise when the goal has been achieved. This clarity enhances engagement, as it provides everyone involved with a shared understanding of the mission. Importantly, a BHAG is straightforward and easy for all stakeholders to comprehend, ensuring alignment across the organisation. (Collins and Porras, 1996)

While organisations may implement multiple BHAGs across various levels simultaneously, a vision requires its own distinct and overarching BHAG. This specific BHAG must apply to the entire organisation and demand sustained effort over a 10 to 30-year horizon. Its ambitious nature serves as a guiding star, motivating teams and shaping the company's strategic direction. (Collins and Porras, 1996)

Setting a BHAG that extends far into the future requires envisioning possibilities that go beyond current capabilities and the constraints of the present environment. Achieving this level of ambition demands a team that is not only strategic and tactical but also visionary in its approach. (Collins and Porras, 1996)

A BHAG is not meant to be guaranteed; instead, it should present a bold challenge with a moderate level of uncertainty. Ideally, there should be only a 50% to 70% likelihood of success. Despite this uncertainty, it is essential for the organisation to have a strong belief in its ability to reach the goal. (Collins and Porras, 1996)

Pursuing a BHAG necessitates extraordinary effort and, in some cases, a degree of luck. Vision-level BHAGs can be developed by considering four main categories: *Target BHAGs*, which focus on specific measurable objectives; *Common Enemy BHAGs*, which unite the organisation against a shared challenge or competitor; *Role Model BHAGs*, which aim to emulate the success of an inspiring example; and *Internal Transformation BHAGs*, which drive significant changes within the organisation itself. (Collins and Porras, 1996)

In addition to defining the vision, achieving a BHAG requires the articulation of a vivid description of the envisioned future. A vivid description is a compelling, energising, and highly specific portrayal of what success will look and feel like when the BHAG is realised. This description acts as a translation of the broader vision into a mental image that people can easily internalise and carry with them. (Collins and Porras, 1996)

Crucial elements of a vivid description include passion, emotion, and conviction. These aspects help create a powerful emotional connection to the vision, making it more tangible and inspiring for others. Emotions tied to the dream serve as a key source of motivation, encouraging people to commit to and pursue the goal with determination and enthusiasm. (Collins and Porras, 1996)

It is crucial to differentiate between a company's *core ideology* and its *envisioned future*, as well as between its *core purpose* and *BHAGs*. A *core purpose* represents the fundamental reason for the company's existence. It is an enduring principle that cannot be fully achieved; instead, it serves as a guiding star for the organisation to pursue indefinitely. (Collins and Porras, 1996)

In contrast, a *BHAG* is a clearly articulated long-term goal designed to inspire and challenge the organisation. A BHAG is typically achievable within a time frame of 10 to 30 years and is often likened to climbing a mountain. Once a company reaches the summit of this metaphorical mountain, it redirects its focus to climb the next one. (Collins and Porras, 1996)

The process of identifying a *core ideology* is one of discovery. It requires uncovering the organisation's foundational beliefs and values. On the other hand, creating an *envisioned future* is a creative process that involves imagining what the company aspires to become. (Collins and Porras, 1996)

Some executives find it challenging to develop compelling BHAGs. In such cases, they may take an alternative approach by first creating a vivid description of the future they want to achieve. This description often answers questions such as: “*We’re sitting here in 20 years; what would we love to see? What should this company look like? What should it feel like to employees? What should it have achieved? If someone writes an article for a major business magazine about this company in 20 years, what will it say?*” (Collins and Porras, 1996, p.75)

This reflective exercise allows leaders to visualise an inspiring future, which they can then refine into a concrete and motivating BHAG. (Collins and Porras, 1996)

When considering the concept of an envisioned future, it is important to recognise that assessing whether it is "right" or "wrong" is not meaningful. Predicting the future inherently lacks definitive answers, as the future is inherently uncertain and subjective. Therefore, instead of questioning whether the envisioned future is correct, it is more productive to evaluate whether it is motivational, stimulating, and engaging. (Collins and Porras, 1996)

A well-crafted envisioned future should inspire and energise the organisation to such a degree that its pursuit continues even in the absence of its current leadership. This level of motivation ensures that the vision becomes a guiding force rooted in the organisation, independent of any individual leaders. (Collins and Porras, 1996)

Creating an effective envisioned future demands both confidence and commitment from the organisation. It is not only about setting bold or ambitious goals but also about ensuring that the organisation demonstrates a deep and sustained dedication to achieving them. This alignment between boldness and commitment is crucial for transforming an envisioned future into a powerful tool that drives long-term success. (Collins and Porras, 1996)

Research highlights that the most visionary companies have a remarkable ability to achieve even the most ambitious goals. In contrast, comparison companies often fail to attain their Big Hairy Audacious Goals (BHAGs) or fail to set them *altogether*. (Collins and Porras, 1996)

Notably, visionary companies are distinguished not by more charismatic or visionary leadership but by their commitment to ambitious goals and their reliance on an organic process to accomplish them. This organic approach involves experimenting with various ideas, retaining what works, and iterating as needed, rather than relying solely on detailed strategic plans. (Collins and Porras, 1996)

A defining characteristic of visionary companies is their focus on building the future around their core values and the people within the organisation. These companies

recognise the importance of continually setting new BHAGs once current ones are achieved to avoid stagnation and the risk of falling behind competitors. The envisioned future serves its purpose only as long as it remains unfulfilled, emphasising the need for a forward-looking approach. (Collins and Porras, 1996)

Visionary companies adhere to the principle of “keeping the core and stimulating progress.” This dynamic interplay between preserving foundational values and driving innovation acts as the primary engine for their long-term success. While vision and mission provide context, it is this dynamic adaptability that sustains enduring organisations. (Collins and Porras, 1996)

For sustained success, alignment with the vision is critical. A company requires not only a compelling vision, often described as “1% vision and 99% alignment”, but also a clear demonstration of this vision through its actions and operations. The vision must be evident to both internal and external stakeholders without the need for extensive explanations. (Collins and Porras, 1996)

Achieving alignment is perhaps the most crucial task for a company aspiring to become visionary. This process begins with crafting a robust and efficient vision and mission that provide a solid foundation for long-term growth. When developed effectively, such a framework can guide the organisation for a decade or more without the need for significant revision. (Collins and Porras, 1996)

### **1.5. Summary and explanation of the theoretical part**

The theoretical part contains several theoretical concepts that are used later in the thesis. Some of them serve only as a base for a better understanding of a certain topic, while others are used more as guidelines for further development of the thesis.

Firstly, the definition of the small company was introduced. This is in order to categorise the case company this thesis is about and to provide guidelines which can be used when working with other concepts or ideas which utilise this categorisation.

Secondly, the theoretical part includes a description of the business model canvas. This is a highly usable tool for any business project or company. This thesis will use it in order to better describe the case company and its business model.

Thirdly, there is the 7S framework. This is the key framework for this bachelor’s thesis. It helps to understand an internal situation of a company thanks to categorising it into seven factors. This makes it easier to make sure that an internal situation of a company is analysed and evaluated completely. The 7S framework is the base for the questions which are asked during the interviews. The analysis and the proposal will also be done based on this framework.

Lastly, the theory about the vision of the company was introduced. Vision is a crucial part of any project and the case company is not an exception. The theory about the company vision will be utilised in the analytical part to describe findings about the vision from the interviews. It will also be utilised in the proposal part. Accordingly to the described problem the case company faces, work with the vision of the company could be a big part of the whole proposal part.

## **2. ANALYTICAL PART**

In order to better understand the company, besides a description of what the company does, there is also included the Business Model Canvas, which explains further how the company operates.

Internal data was gathered by interviews. Everyone involved in the company was interviewed. These interviews were face-to-face and always with only one person being interviewed at a time. This helped to ensure that the responses would not be influenced by others. This helped me to get a broader view from the different areas and structural levels of the company.

Whole interviews were recorded, and notes were made. These recordings were processed and summarised with the help of AI, and the outcomes were compared with the notes to ensure that there is no misleading information.

### **2.1. About the case company**

This bachelor's thesis focuses on a small company specialising in the sale of audio and acoustic equipment. This company sells not only to professionals but also to a broader customer base. Its clients include musicians, sound engineers, DJs, producers, filmmakers, and others. The company offers a diverse portfolio of products from globally recognised audio brands.

With nearly 30 years of experience, the company serves as an official distributor of internationally renowned brands in the Czech and Slovak markets. It provides high-quality technical support and expert consultancy, thanks to its team of experienced audio professionals. Additionally, the company operates its own authorised service department, ensuring both warranty and post-warranty repairs.

Beyond product sales and support, the company has a specialised team dedicated to designing and fully implementing audiovisual solutions for various types of spaces. This includes acoustic measurement and adjustment to optimise sound quality.

### **2.2. Case company's business model canvas**

In order to get to know and understand the case company better, the case company's business model canvas is described below.

#### **2.2.1. Customer Segments**

The company serves multiple customer segments.

Firstly, the company's wholesale department supplies B2B customers. These customers are other reselling businesses that seek to provide their customers with high-quality, professional audio equipment. Most of these resellers focus on the mass market, and the

products they purchase are chosen accordingly. There are also some resellers who serve a niche market.

Secondly, the company also sells to the B2C market. This includes individual customers who use professional audio equipment. These customers can be both people who have music and audio as a hobby and people who are professional musicians, sound engineers, DJs, producers, and filmmakers.

Lastly, the company's audio and acoustic installation service department offers its services to both B2B and B2C customers. Customers of the installation service are, for example, town halls, cultural centres, private companies, individual customers, etc. However, the majority of installation service customers come from the B2B segment.

### **2.2.2. Value Proposition**

The company offers a comprehensive portfolio of products from globally recognised audio brands. With nearly 30 years of market presence, it is an official distributor of renowned brands in the Czech and Slovak markets. The company employs numerous musicians and audio professionals who ensure the delivery of high-quality products and services. The company provides risk reduction to its customers by distributing trusted and reliable brands and their products. It also offers customer support, complete installation of equipment, and authorised service of products when required.

### **2.2.3. Channels**

The company's channels vary from department to department.

In wholesale, as part of the B2B segment, sales representatives directly engage with potential clients.

The majority of the B2C customers are reached by digital promotion through the company's website and social media platforms. When it comes to customers who are professionals, they are usually reached directly.

The installation service department also reaches its customers directly, but it also has its own webpage and some offline marketing in place.

### **2.2.4. Customer Relationships**

The company positions itself as a professional, friendly, and reliable partner, always available to assist customers with their needs. This applies across all the departments and customer segments the company operates in.

All the departments across the whole company follow the personal assistance relationship. The company emphasises that customers can always talk to somebody if they need something.

### **2.2.5. Revenue Streams**

The company generates revenue from both B2B and B2C markets primarily through a one-time sale of audio equipment or service. B2B partners pay regularly, but they always pay for the individual orders. The price of the products is dependent on the purchase price from the manufacturer and also on the prices of similar products already on the market.

In the installation services department, customers pay for both the audio and acoustic product and the installation of these products at the same time after the installation is successfully completed. The price of the goods used for installation is moreover the same as when they are sold separately. A variable is the price of the installation service, which is dependent on the size and time to complete the specific installation project.

### **2.2.6. Key Resources**

The company relies on several key resources.

Firstly, physical assets such as audio equipment. Since the company resells audio products, it needs to have them in a warehouse so the customers can receive them quickly.

Secondly, financial resources are important. They allow the company to purchase goods from the manufacturers and market the products.

Thirdly, human resources are required. They are important in order to provide services to customers and to keep the company running. Passionate and knowledgeable employees who are dedicated to assisting customers play a highly important role in the company's success since they provide the company's value proposition.

### **2.2.7. Key Activities**

Company has several key activities which can be categorised into problem-solving and production activities.

Problem-solving activities are present almost across the whole company. These activities include helping the customers with their needs and making sure that the products and services are resolving specific needs. However, this is more common in the B2B customer segment.

Production activities are, for example, crucial in the installation service department where quality assurance plays an important role. Additionally, it needs to source high-quality products from manufacturers, manage its warehouse efficiently to ensure that deliveries are on time, and maintain strong relationships with both business and individual customers.

### 2.2.8. Key Partnerships

The company's partnerships have mainly the character of buyer-supplier relationships. This can be further divided into two groups.

The first group includes audio equipment manufacturers. They provide the case company with access to specific resources, in this case audio and acoustic products, which are then further distributed or sold.

The second group consists of businesses as customers (B2B clients), who buy goods from the company. Both of these groups contribute significantly to the company's revenue.

### 2.2.9. Cost Structure

The company's highest costs come from purchasing goods from the manufacturers; these are considered to be variable since they are influenced by the market demand and other factors. Next costs are required for product promotion, paying employee wages, and covering rental expenses for premises where the company operates. Last costs are fixed, since they need to be paid no matter what the revenue is.

The company has a mainly value-driven business model. It always makes sure that everything has the highest possible quality and that it brings the highest possible value to the customer as well as the consumer.

## 2.3. Internal State of the Company according to interviews

Table 3 represents a brief overview of the results of the interviews with the people involved in the case company.

7S Framework Element	Strengths	Weaknesses/ Challenges	Insights/Ideas
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Established wholesale segment.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of market awareness leading to missed opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Need for a more concrete long-term vision.</li> </ul>
<b>Structure</b>	<ul style="list-style-type: none"> <li>Basic organisational structure in place.</li> </ul>	<ul style="list-style-type: none"> <li>Unstable and shifting structure.</li> <li>Unclear roles and responsibilities.</li> <li>Physical separation of key departments (service, warehouse).</li> </ul>	<ul style="list-style-type: none"> <li>Suggestion to have all company's activities under one roof to improve communication and the work environment.</li> </ul>

<b>Systems</b>	<ul style="list-style-type: none"> <li>• Strong technical expertise in installation, service, and product experience.</li> </ul>	<ul style="list-style-type: none"> <li>• Absence of systematically documented processes causing inefficiencies.</li> <li>• Inconsistent task prioritisation and unclear deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>• Importance of adhering to defined roles, responsibilities, and processes.</li> <li>• Focus on continuous self-improvement.</li> </ul>
<b>Shared Values / Goals</b>	<ul style="list-style-type: none"> <li>• Expertise, friendship, family atmosphere, fairness and a human approach are perceived as main values</li> <li>• Employee dedication to customer needs and success.</li> </ul>	<ul style="list-style-type: none"> <li>• Weak leadership within departments.</li> <li>• Lack of clear vision and articulated company goals.</li> </ul>	<ul style="list-style-type: none"> <li>• Emphasis on dedication to customer satisfaction and a culture of support.</li> <li>• Core value of continuous self-improvement.</li> </ul>
<b>Skills</b>	<ul style="list-style-type: none"> <li>• High level of technical expertise in products and services.</li> <li>• Specialisation in professional audio products.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of systematic employee development programs (leadership, sales, technical skills).</li> </ul>	<ul style="list-style-type: none"> <li>• Desire for systematic training programs to promote employee autonomy and development.</li> </ul>
<b>Style</b>	<ul style="list-style-type: none"> <li>• Leadership is dedicated to company success, employee growth, and customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership of department heads is perceived as weak</li> <li>• Lack of essential leadership competencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on leadership development and improving delegation skills.</li> </ul>

<b>Staff</b>	<ul style="list-style-type: none"> <li>• Friendly, family like work environment.</li> <li>• Employee support and collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>• Fragmented communication due to separated departments.</li> <li>• Limited employee development and autonomy.</li> </ul>	<ul style="list-style-type: none"> <li>• Desire for improved task delegation and autonomy.</li> <li>• Employees propose further specialisation in professional audio products and services.</li> </ul>
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**Table 3: Outcomes from the interviews**

(Source: Author's own work)

The company demonstrates several key strengths recognised by both the owner and employees. A major pillar of the company is the strong wholesale segment, which serves as a significant revenue generator and is well-established on the market. Complementing this is the company's technical expertise, with substantial knowledge and experience in installation, service, and enhancing product user experiences. This technical strength is supported by a positive and supportive work environment, where employees foster a friendly, family-like atmosphere and actively support one another. Leadership plays a crucial role in the company's operations. The business owner exhibits a high level of dedication, focusing on the company's success, employee growth, and customer satisfaction. Although the current organisation structure is not perfectly defined and fully functional, it provides a good basic framework which can be further developed and improved. Employees also highlight the company's expertise and customer-centric approach, emphasising a specialisation in professional products and services, which aligns closely with their dedication to meeting customer needs.

Despite the strengths, the company faces several challenges and areas for improvement. The company currently lacks the ability to create awareness in the market, which leads to a lot of missed opportunities. The organisational structure is unstable, with incomplete and constantly shifting elements that result in unclear roles and responsibilities. Leadership within the company is perceived as weak. Department heads are perceived as lacking essential leadership competencies and a knowledge of effective leadership principles. Another area for improvement is the absence of systematically documented processes. This leads to inefficiencies and inconsistencies in operations. Communication within the company is another considerable issue. Inconsistent sharing of information about changes and unclear definitions of roles create

confusion among employees. Additionally, there is a limited focus on employee development, with no systematic development programmes in place to focus on leadership, sales, technical, and language skill development. The absence of a clearly defined company vision and articulated goals presents another significant challenge, as both the owner and employees struggle to describe a compelling future direction for the company. Additionally, inefficiencies with priority management are present, as unclear deadlines lead to poor task prioritisation. The company's web shop strategy also presents a potential conflict with the wholesale goals since it can be a direct competition with the wholesale instead of being its complementation. The physical separation of key departments, such as service and the warehouse, further fragments the workplace, negatively impacting communication and the overall team atmosphere.

Interesting ideas and insights have emerged from both the owner and employees. The owner emphasises the importance of faithfully adhering to defined roles, responsibilities, and processes, as well as a commitment to continuous self-improvement as a core company value. Even though there is an ambition to secure the company's profitability, a more concrete long-term vision remains undeveloped.

Employees, on the other hand, suggest focusing more on specialisation within professional audio products and services. They propose further development of the installation department and even the possibility of creating the company's own products. Another insightful suggestion is to consolidate all company activities under one roof to enhance communication and the working environment. There is also a strong desire among employees for systematic training programmes and improved task delegation to promote autonomy.

In conclusion, while the company's technical expertise, supportive culture, and established position on the wholesale market are acknowledged as key strengths, there is a recognition by both owner and employees of significant challenges related to structure, leadership, process management, and structured employee development. These challenges and the lack of a clear vision could limit the company's future growth.

Insights gained from both the owner and employees point out that there are many areas where the company is actively trying to improve. These areas include increased specialisation, enhanced internal communication, leadership development, and a clearer strategic direction.

### **2.3.1. Company's current vision**

The company does not have a clearly defined vision which would be well communicated throughout the whole company. The owner and the employees do not

have a clear idea of what the company's current direction is and where it wants to be heading in the future.

On the contrary, during the interviews with people from various areas and positions in the company, there were some ideas of the possible headings of the company.

One of the most interesting and ambitious ideas is to become a leader in the professional audio market by emphasising professionalism and quality. This was mentioned by more respondents, and this idea is supported by the company's expertise and by the professional products and services the company offers. This idea of being the leader on the market included that it would not only attract customers but also new possible employees. Some respondents also mentioned that the company could try to enter the market with products and services for video.

Another idea was that the company should keep its friendly atmosphere. This, for example, includes fairness, support, and a human approach. The friendly atmosphere is not only internal but also external. This makes employees feel satisfied and motivated, and customers feel more valued than with competitors.

Although the company's vision is not officially communicated, there are several ideas on where the company could be heading. There is even this ultimate goal of becoming a leader in its field while maintaining a positive company culture.

### **2.3.2. How the business owner perceive internal state of the company?**

The business owner and at the same time director of the company had already described his perception of the situation and the company before, which formed the basis for the problem definition. This interview aimed to gather more information and ask him the same questions as other employees using the 7S framework. This allowed for comparisons between his answers and those of the others.

#### **Summary of the Strengths and areas for improvement according to the business owner:**

The company's wholesale business is strong, but its structure is unstable with unclear roles and responsibilities. There is a need for improved leadership, defined processes, and employee education to address these issues.

All of this information about perceived strengths and areas for improvement is important for the further development and improvement of the company. On the other hand, during my interview, the question about the company's vision, strategy, and shared goals was asked, but I haven't received any concrete goal towards which the company is heading. The only answer I got was that the company aims to be profitable, but I have not found this goal convincing enough.

**Strengths according to the interview with the business owner:**

- Wholesale as a Strong Income Source: The company's wholesale business is already well-established and generates the most revenue.
- Technical Knowledge and Experience: The company has strong expertise in installation, service, and user experience with the devices it sells.
- Employee Support: Employees support each other, although it is probably mostly on a personal level.
- Motivated Business Owner: The owner is dedicated to the success of employees, company growth, and customer satisfaction.
- Defined Department Heads: Even though they do not always follow their roles, department heads are already in place, which provides a foundation for improvement.

**Areas for improvement according to the interview with the business owner:**

- Unstable Company Structure: The structure is incomplete, constantly changing, and not followed properly.
- Lack of Clear Roles and Responsibilities: Employees and department heads do not always adhere to their roles, leading to confusion.
- Poorly Defined Processes: There are no documented processes, and efficiency is not systematically measured.
- Weak Leadership: Department heads do not fully understand leadership, and there is a lack of strong leadership competencies.
- Unclear Company Values: Employees do not have a shared understanding of company values, and important values like trust and reliability are not always upheld.
- Limited Employee Education: There is no structured training programme, and employees lack development in key areas such as leadership, sales, and technical skills.
- Weak Priority Management: Deadlines are unclear, making it difficult to set the right priorities.
- Web shop Strategy Conflict: The web shop should support wholesale but could be seen as a competitor if not properly managed.
- Need for More Skilled Employees: The company lacks skilled salespeople, leaders, service technicians, and installation staff.

**The detailed responses of the business owner:**

Strategy of the company:

- Current situation in the company: The company focuses on wholesale, web shop, installation business, and studio. The wholesale is currently the major source of income. Each of these areas requires its own specific customers and strategies.
- Future Goals of the company: The wholesale segment should acquire new customers and suppliers. The studio should become the first choice by the customers due to its expertise. The number of projects in the installation department should increase. The web shop should serve as a sales channel, not as a competitor to wholesale.

Structure of the company:

- Current company structure: The structure is incomplete and is changing constantly. Each person in the structure should fulfil their roles and responsibilities. The company has defined department heads, but they often do not adhere to their roles and responsibilities. The structure is not properly followed.
- Company structure in the future: It is important to clearly define roles, responsibilities, and processes. Ensure strict adherence to rules and accountabilities.

Systems in the company:

- Processes in the company: The processes are not documented, and not all of them function correctly. They need to be defined, set up, and followed. There is a lack of systematic performance and efficiency monitoring.
- Needs for improvements in the processes: Introduce clearly defined processes, rules, and measurement tools. Update processes based on changes.
- How the priorities are set: Priorities are set based on deadlines, but deadlines are not clearly defined. There is a need for well-defined processes to assist in setting priorities.

Company's Shared values/goals:

- Current Values in the company: Everyone in the company defines values a little differently. Values are not strongly established. Trust, reliability, and friendship are important but not always fully present. These values are crucial for the company's functioning and need to be upheld and improved.
- Purpose of the Company: The purpose of the company is to generate profit, pay employees' salaries, secure a unique position in the market, and satisfy customer needs.
- Future Values in the company: Emphasis on education, proper and timely task completion, diligence, and responsibility. A core value should be continuous self-improvement.

Company's managerial Style:

- Leadership in the company: Department heads often do not understand what it means to be a leader. There is a lack of management and leadership competencies in the company.
- Future Leadership Style: The company needs competent leaders who understand their roles and responsibilities. Leadership should be clear and consistent.
- Support Among Employees: Employees support each other, but the business owner feels like this support is more on a personal rather than professional level.

Staff in the company:

- Personal Motivation of the business owner: He is motivated by the success of colleagues, the prosperity of the company, positive customer feedback, economic sense, and a good company atmosphere.
- Education in the company: Some employees have expertise and experience, but there is a lack of systematic education and development.
- Requirements for education: Employee education and development are important, especially in leadership, sales skills, and technical knowledge. Education opportunities are not well shared, and there is no systematic approach to spreading education opportunities. More training and competency development are needed.

Skills in the company:

- Strong skills the company has: Technical knowledge, experience in installation, expertise in service, and user experience with the devices the company is selling.
- Skills requiring development: Language skills, knowledge of office software, and business skills. Systematic education and competency development. Leaders, managers, and heads of the departments should understand what leadership means. The company needs salespeople, leaders, service technicians, and installation personnel.

### **2.3.3. How the employees perceive internal state of the company?**

The employees perceive the company as having a flat structure and a family business character. Respondents mentioned that the company has a focus on expertise and customer satisfaction. While employees perceive positively the company's current values, there is a need for clearer communication of changes, role definitions, and a more systematic approach to education and skill development. They mentioned that the company does not have clearly communicated and described long-term goals. However, some employees believe that the company's future strategy should focus on specialising in a segment of professional audio products and services. The company should also work on improving communication and mapping and describing processes.

### **Summary of strengths and areas for improvement according to the employees**

The company has many strengths, including its focus on expertise and customer satisfaction, a flat organisational structure that supports good communication, and strong core values like fairness and friendliness. Employees appreciate the supportive management and skilled team members. However, there are areas that need improvement, such as unclear communication about roles, missing process documentation, and a lack of a clear company vision and goals. Issues like poor delegation, separated teams affecting communication, an ineffective reward system, and the need for more structured employee training also need attention.

### **Strengths accordingly to the interviews with the employees:**

- **Company's Expertise and Customer Satisfaction Focus:** The company is recognised for its strong emphasis on professional expertise and customer satisfaction. Employees appreciate the company's reputation for providing expert advice and quality service.
- **Flat Organisational Structure:** The relatively flat structure aligns with the family-business character, fostering easy internal communication and creating a sense of closeness among employees.
- **Shared Core Values:** Expertise, friendship, family atmosphere, fairness, and a human approach are commonly mentioned as core company values. These values contribute to a positive work environment and a sense of belonging.
- **Supportive Management Style:** Leadership is described as open, direct, and supportive. The management encourages personal development, new initiatives, and education.
- **Friendly Atmosphere and Team Spirit:** The work environment is generally friendly and collaborative. Employees feel supported by their colleagues and appreciate the team's flexibility.
- **Experts in the team:** The team consists of highly skilled professionals with expertise, creativity, diligence, and the ability to provide expert advice to customers.

### **Areas for improvement according to the interview with the employees:**

- **Unclear Communication and Role Definitions:** There is a need to improve clarity. This includes communicating role responsibilities and communicating changes in the structure of the company.
- **Lack of Described Processes:** Incomplete documentation of the processes and undefined key performance indicators create inefficiencies. This is particularly evident in less frequent processes where the description of the process is missing.

- **Undefined Vision and Goals:** The company's vision and concrete goals are not defined and communicated. This leads to misalignment of activities across departments.
- **Delegation and Trust Issues:** Some employees feel that tasks are not optimally delegated, which can result in reduced autonomy and motivation.
- **The team is split into several locations:** The separation of departments, such as the warehouse and installation teams from the main office, has negatively impacted communication and overall company atmosphere.
- **Ineffective Reward System:** The introduction of rewards linked to individual goals has accidentally increased rivalry between employees and impacted teamwork.
- **Need for Systematic Skill Development:** Although the company supports professional development, there is a lack of structured training programmes and a systematic approach to the education of employees.

#### **The detailed responses of the employees:**

Strategy of the company:

- **Opinions about the current situation of the company:** The company focuses on expertise and customer satisfaction. Many respondents said the company should specialise more in professional products and services instead of general goods. Some employees see the company as positive, while others think that the company is constantly reacting to the external situation on the market and that it is at a turning point due to changes in the strategy. Some people mentioned that the company needs to first finish one thing before starting to change another one.
- **Opinions about the future situation of the company:** On the one hand, some respondents highlighted that the company should be focusing more on communicating its expertise in the audio market products and aim to become the company number one in the professional audio market. Connected to this, there was an opinion that the company might also try to enhance its installation department or even develop its own products. Another opinion was about building the company's own premises where all the activities could be done under one roof.

Structure of the company:

- **Common points:** Most employees agree that the company has a relatively flat structure, which matches its family-business character. Usually, if they need to ask about something, they know who could help them.
- **Main issues:** A frequently mentioned problem is unclear communication of changes and unclear role definitions. Employees are not always sure who is responsible for

what. Some employers said that the officially set structure is not always the real structure.

- Structure updates: Some of the employees are aware that the business owner and the heads of the departments are going through the process of redefining and clarifying the company structure.

Systems in the company:

- Communication: The company uses various tools for internal communication, such as emails, SharePoint, and Freelo. The importance of face-to-face communication was also highlighted, but there were some concerns about formal meetings being too long and ineffective.
- Processes: Some employees find the processes functional, while others complain about a lack of formal structure, clear descriptions, and actualised processes. Functioning processes are mainly those which were learned by experience and are done daily. When it comes to less frequent processes, a few employers have their own notes about them, but these notes are not accessible by others. Some processes are already mapped out and are written into official documents, but the key performance indicators are still not defined.

Company's Shared values/goals:

- Shared opinions about Shared values: Employees see expertise, friendship, family atmosphere, fairness, and a human approach as the company's main values. They see these values as current ones and also believe that they are important to be kept for the future.
- Different opinions about shared values: Some employees think that the company's values are clear, while others feel that there are issues in understanding the company's vision. During some interviews, it was mentioned the importance of having clear values as it keeps people motivated.
- Outcomes: During the interviews, there were no concrete goals and visions included in the responses. This indicates that the vision and goals are not very well communicated across the company. This might lead to the people and their activities not being in line with others in the company.

Company's managerial Style:

- Managerial style: Employees described the leadership style as open and direct. There is a combination of the friendly, strict, or even directive leadership style, which is usually dependent on the situation. Opinions are generally considered, and decisions are discussed. Management is described as positive, with a friendly approach and supporting. Management supports education, development, and new initiatives.

- Room for improvement: Some respondents would like better task delegation and more trust in employees' abilities. They pointed out that it could cause a lack of autonomy and motivation. Secondly, some respondents see an importance in further improving communication between management and employees. Lack of communication leads to insufficient sharing of information and teamwork.

#### Staff in the company:

- Atmosphere: The atmosphere among the people in the company was described as friendly, and that the people in the company are almost like a family. Respondents mentioned that when they need something, others will likely help and support them. Some respondents mentioned that they feel the atmosphere getting a bit worse recently. This might be caused by the warehouse, service, and installation department being located separately from the rest of the company. This can have an effect on both communication between different departments and the overall atmosphere in the company. The second idea about this issue was that individual goals were introduced last year. By completing this individual goal, the person got a reward. Some respondents mentioned that rivalry among a few employees occurred because of this new reward system.
- Motivation: The main motivational factors were mostly similar among the respondents. The most common are a friendly atmosphere and a good team, finances, positive customer feedback, the positive impact of their work, some see it as an opportunity for personal/professional development, and for many, their work is also what they like to do as a hobby.
- Education: Almost everyone said that the company supports education, but there is a lack of a systematic approach. Some respondents recommended training and workshops as a way of education and improvement.

#### Skills in the company:

- Common points: Employees are experts in their fields, but they believe the company should support training and skill development more.
- Skills present in the company: expertise, ability to give customers expert advice, creativity, diligence
- Analysis of areas for improvement: The most common answer was that the areas for skill improvement arise from the feeling of a need to improve and that there is no systematic and analytical approach to evaluating what is needed to improve.
- Skills to improve: The majority of the respondents answered that it is important to keep developing skills across all areas. There were some more concrete examples like

the development of communication (both internal and external with customers), expertise, ability to effectively sell the company’s know-how, products, and services.

## 2.4. Table of the issues identified in the company

Table 4 below summarises the issues identified in the company. These issues are categorised from smallest to biggest based on how their impact and scope is perceived by people involved in the company.

Issue	7S Category	Description	Impact & Scope
1. Web Shop Strategy Conflict	Strategy	<ul style="list-style-type: none"> <li>• Risk of competing with the core wholesale segment instead of complementing it.</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially impactful, but a niche issue compared to others.</li> </ul>
2. Physical Separation of Departments	Structure / Staff	<ul style="list-style-type: none"> <li>• Service and warehouse being in different locations hurts communication and team atmosphere.</li> </ul>	<ul style="list-style-type: none"> <li>• A logistical and cultural issue, but relatively easy to address.</li> </ul>
3. Inefficiencies in Priority Management	Systems / Strategy	<ul style="list-style-type: none"> <li>• Unclear deadlines result in poor task prioritisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Affects productivity, but can be improved with better planning tools or routines.</li> </ul>
4. Lack of Market Awareness	Strategy	<ul style="list-style-type: none"> <li>• The company struggles to create visibility, leading to missed opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Important for growth, but can be addressed with a targeted marketing strategy.</li> </ul>
5. Limited Focus on Employee Development	Skill / Staff	<ul style="list-style-type: none"> <li>• No structured programs for leadership, sales, technical, or language skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Affects motivation and long-term skill-building.</li> </ul>
6. Poor Internal Communication	Structure / Systems	<ul style="list-style-type: none"> <li>• Inconsistent updates and unclear role definitions lead to confusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Affects morale and efficiency across teams.</li> </ul>

7. Absence of Documented Processes	Systems	<ul style="list-style-type: none"> <li>• Lack of systematic procedures leads to operational inconsistencies.</li> </ul>	<ul style="list-style-type: none"> <li>• A core issue with wide-reaching effects on quality and scalability.</li> </ul>
8. Unstable Organisational Structure	Structure	<ul style="list-style-type: none"> <li>• Shifting roles and unclear responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Creates confusion and weakens accountability across the company.</li> </ul>
9. Weak Leadership (especially among department heads)	Structure / Style / Skills	<ul style="list-style-type: none"> <li>• Lack of leadership competencies and principles.</li> </ul>	<ul style="list-style-type: none"> <li>• Severely impacts decision-making, team morale, and alignment.</li> </ul>
10. No Clear Company Vision or Long-Term Goals	Strategy	<ul style="list-style-type: none"> <li>• Neither owner nor employees can articulate a compelling future direction.</li> </ul>	<ul style="list-style-type: none"> <li>• This is the biggest issue - it creates uncertainty, hinders strategic planning, and limits growth potential.</li> </ul>

**Table 4: List of identified issues**

(Source: Author's own work)

Interestingly, many of the issues identified by interviews were already described in a problem definition. This indicates that the people in the company are well aware of the situation the company is in.

The proposal part will focus on only some of the identified issues. Mainly because some of the identified issues are caused by the issues above them. For example, Poor Internal Communication and Absence of Documented Processes are caused by Unstable Organisation Structure and thus unclear responsibilities. Structure cannot be set ideally with No Clear Company Vision and Long-Term Goals. The same goes for Inefficiencies in Priority Management and Weak Leadership. These are also caused by No Clear Company Vision and Long-Term Goals. This leads to the three main issues which the proposal part will focus on. These main issues are Lack of Market Awareness, Limited Focus on Employee Development, and No Clear Company Vision and Long-Term Goals.

## **3. PROPOSAL PART**

### **3.1. Introduction**

This part of the thesis proposes solutions to the key issues identified in the analytical part. The analysis highlighted three primary issues: a lack of market awareness, limited focus on employee development, and as the most significant weakness was identified, the lack of a clear company vision and long-term goals.

This proposal will focus primarily on addressing the absence of a clear company vision, as it is the biggest issue that influences the other two. By establishing a comprehensive vision and strategic direction, the company will be better positioned to improve market awareness and employee development. This should support the overall objective of guiding the enterprise's development and future growth.

### **3.2. Development Strategy Framework**

For the purpose of this thesis, the development proposals are based on two main concepts: the Vision Framework and the 7S Framework. These two approaches complement each other and provide a solid foundation for long-term development.

Using the Vision Framework allows us to clearly understand what the company stands for and where it is going. The 7S Framework is used to ensure that the company's internal environment supports the proposed development activities.

These frameworks allow us to ensure that the proposal will be clearly connected to the company's needs, values, and future ambitions. It also increases the chances that the proposed changes will be accepted by employees and successfully implemented in practice.

### **3.3. Proposed Solutions**

#### **3.3.1. No Clear Company Vision and Long-Term Goals.**

Company Vision and Long-Term Goals are in the Strategy part of the 7S framework. As is described in the theoretical part of this thesis, the company's vision and goals are the main foundation of any business. It shows what the company believes in and where it is heading. These two aspects are called Core Ideology and Envisioned Future. (Waterman, Peters, and Phillips, 1980)

Core Ideology describes what the beliefs and purpose of the company are. Core Ideology is further divided into Core Values and Core Purpose. Some people say that the Core Ideology is even more important than knowing the company's Envisioned Future. Envisioned Future describes where the company is heading. (Collins and Porras, 1996)

The authors of the source referred to Core Ideology and Envisioned Future as a concept of balance where Core Ideology is yin and Envisioned Future is yang. The idea behind it is that these two elements create a solid foundation for the company. (Collins and Porras, 1996)

### **Core Ideology (The Yin) of the case company**

Core Ideology, as is described above, stands for the core beliefs of the company. It consists of Core Values describing the company's inner beliefs and Core Purpose describing the reason why the company exists. (Collins and Porras, 1996)

### **Core Values**

According to findings from the interviews, there are several core values the company has, even though they are not officially identified and described. The company's core values are Expertise, Friendship, Family atmosphere, Fairness, and a Human Approach. All of these values are based on the people who are in the company. According to my interviews, these are the values which the company currently holds.

Thanks to the fact that many people like their job and it is something they also do as a hobby, they are making sure that their outputs towards the customer are high-quality and that it makes customers as satisfied as possible. Thanks to the smaller number of people in the company, the atmosphere is friendly and the people feel almost like a family there. Due to the family atmosphere, friendliness, human and fair approach, and willingness, customers feel valued and they like to use the company's services. When it comes to the question of keeping, abandoning, and appropriating company values. Majority of the company's values should be kept and continued to build on them.

Areas for improvement are mainly on the professional side of things. These are the values like trust, reliability, responsibility, proper and timely task completion, diligence, and willingness to help others. These values are important for the company and are well developed from the personal side. On the other hand, the professional aspect of these values still requires some attention, since they are not always fully present. For example, people in the company would help each other with personal things, but when it comes to problems with tasks in the company, they are not that willing to help each other.

There are also values that are not present in the company. One of them is continuous self-improvement. Since technologies in the industry the company operates in change quickly, it is crucial to have a value presenting the willingness to continuously explore new ideas in order to secure the company's long-term growth.

Company values should be authentic and not artificially forced. Everyone in the company should be in line with the values and stick to them. It is important to not only stick to the values, but also ideally not to change them.

### **Core Purpose**

Besides having a set of values a company adheres to. It is highly important to know what is the reason why the company exists. (Collins and Porras, 1996)

According to the outcome from the interviews, the core purpose of the case company is not clearly defined. The basics which were mentioned include generating profit, paying salaries, securing a unique position in the market, and satisfying customer needs and making customers satisfied and happy.

All of these points are important, but they do not serve as a concrete long-term vision or goal. The mentioned purpose lacks a broader or inspiring direction for the future. Additionally, company purpose should not be tied to profits. It should focus more on internal motivation and wider social or human impact.

On the other hand, all the information gathered provides some clues that can help clarify the main purpose of the company.

When combining ideas of providing expert solutions and services, building a supportive, human-centred work environment, creating meaningful impact for customers and employees as well, and fostering continuous learning and professional growth, company purpose could be formulated like this:

*To provide the best to those who want to be the best.*

This description of company purpose highlights the focus of the company to make sure that the products and services offered are those which are high quality and with emphasis on customer satisfaction. It also indicates that the company is not there just to make profit, but also to create value for others.

Providing the best is not only to the external environment, but it also includes internal relations, communication, and overall atmosphere.

Providing the best could also be considered more sustainable both economically and environmentally since ‘best’ means quality products requiring less maintenance and repairs.

### **Envisioned Future (The Yang)**

As an opposite to the Core ideology, the Envisioned future is all about the heading of the company. This includes Big Hairy Audacious Goals and the Vivid description. (Collins and Porras, 1996)

### **Big Hairy Audacious Goal (BHAG)**

According to the outcomes from the analytical part, employees have more ideas about where the company could go than about the vision. When combining these ideas, the BHAG of the company can be defined as follows:

*Become the dominant choice for anyone who wants professional multimedia in Europe.*

This goal helps the company to realise its potential and take it to the whole European market. It would help the company to clarify which actions are the most important and which are possible to leave out.

There are many competitors on the market, but the company has a great team and experience. This could make this goal, although very ambitious, achievable.

### **Vivid Description of the Future**

A vivid description describes how the accomplishment of the BHAG will look. (Collins and Porras, 1996) In this case will be described how becoming a dominant choice for everyone who wants professional multimedia in Europe would look for the company.

If the company were committed to this BHAG, this is how it could look in 20 years.

To become dominant in the European market, the company requires unparalleled customer service. Perfect customer service will ensure that the customers want to purchase there and that they also want to return. They should perceive the company as a place where expertise meets friendliness.

The company would attract not only customers who want the best multimedia but also applicants for positions in the company. This would allow the company to find the best possible experts who would help to deliver the best possible value to the customers and so push the company even further. Employees who share the values and purpose of the company will feel fulfilled and happy to help the company to grow.

The company would also serve as an ideal partner for manufacturers and suppliers. Thanks to the case company's market share, they would like to sell through the case company since it would be the proven way of getting to their target customers.

### **Implementation and Alignment**

To achieve what was mentioned above, it is essential that all employees are aligned with the company's vision and actively support it. Since the vision was developed based on insights gathered through interviews, it reflects the perspectives of those who are currently part of the organisation. These individuals have helped shape the company's existing values and culture, which must be preserved and further developed to support future growth.

To successfully implement the vision, a structured approach is recommended. The first step involves organising a meeting where employees can participate in defining and confirming the company's core values and purpose. This collaborative process helps to ensure that the values guiding the organisation are clearly understood and widely accepted.

Secondly, leadership alignment meetings should be organised to ensure that all department heads and managers not only agree with the company's vision but are also prepared to communicate and promote it consistently. Leaders play a key role in strengthening values, guiding behaviour, and setting an example for others.

Next, the company should communicate its values and vision. This involves sharing the vision with all employees through meetings, internal communication materials, and by implementing the vision into everyday practices. Key business functions such as hiring, communication, and performance management should also be aligned with the defined vision and values. For example, recruitment processes must ensure that new employees share the company's core values, since hiring someone with different values could lead to misalignment and disrupt team dynamics.

Furthermore, all employees should be aligned not only in terms of values but also in terms of processes, communication methods, organisational structure, and other key elements of the 7S Framework. This alignment ensures that everyone is working towards the same objectives in a coordinated manner.

### **Expected Benefits**

By following these steps, the company can expect several important benefits. Strategic alignment between employees and leadership will improve, as everyone will be working towards shared goals. The internal culture will be strengthened, with clearly defined values providing a stronger sense of identity. Finally, decision-making at all levels of the organisation will become more consistent, as the shared purpose and long-term vision (including the BHAG) will serve as a guiding reference point for both everyday choices and strategic initiatives.

### **Vision as a Living Framework**

As was already mentioned, Core ideology remains unchanged. In the case of the company, these are the defined values of expertise, friendship, family atmosphere, fairness, human approach, and the purpose of providing the best to those who want to be the best. These remain the same because they are like a guiding star, impossible to fully achieve. (Collins and Porras, 1996)

On the other hand, the envisioned future and BHAGs are something concrete and achievable. That is why this BHAG needs to be changed once the previous goal was

achieved. Without a new BHAG, the company could struggle to grow further or even lose its position on the market. It is important to reflect on the company's progress towards the goal in order to tweak its activities, so they are the most usable for the current set goal.

### **Summary of the case company's vision**

The creation of the company's Vision and Long-term goals using Core Ideology and Envisioned Future shows the importance of balancing stable aspects with the changing ones. The stable Core Ideology includes the company's values like expertise, friendship, a family atmosphere, fairness, and a human approach. These provide a strong company's foundation. This stability is supported by the dynamic nature of the Envisioned Future, which includes Big Hairy Audacious Goals (BHAGs) and vivid descriptions that inspire progress and adaptability.

This vision framework is a key guide for the company's long-term success. It ensures that while the company stays true to its basic values, it also takes advantage of growth opportunities, adapts to industry changes, and always aims for excellence in both its internal culture and external service delivery. Focusing on both a strong core and an ambitious future helps the company be resilient and develop sustainable growth.

To make this vision a reality, everyone in the company must be committed. It is important that the vision is not just a theory but is part of every aspect of the organisation. This means aligning recruitment practices, leadership communication, operational processes, and daily activities with the defined values and goals. By doing so, the company will not only keep its unique culture but also become the leading choice for professional multimedia in Europe.

Let this vision be a living framework that inspires every member of the organisation to contribute meaningfully, ensuring that the company's journey is characterised by both stability and innovative growth.

### **3.3.2. Limited Focus on Employee Development**

#### **Problem Summary**

The employee development is, accordingly to 7S, a part of Staff (Waterman, Peters, and Phillips, 1980). Accordingly to the interviews, the company currently lacks a formal role or clear process for ongoing employee development. Although employees have expressed interest in participating in learning activities, such as training courses, there is no system in place to organise or promote continuous learning. Some employees mentioned that they would be motivated to participate in development training if they had some benefits in return. At the same time, the owner believes that learning should

be individually motivated rather than company-driven. As a result, professional skill areas like leadership, process management, and human resources remain underdeveloped, and nobody in the company is responsible for supervising employee training.

### **Proposal**

To address this issue, the company should establish a dedicated learning and development role or a small team responsible for encouraging professional growth. This role would create a development roadmap that supports both individual goals and the company's long-term vision. The programme should actively encourage employees to improve their skills in areas relevant to the business, linking personal growth to the company's strategic direction.

### **Implementation Steps**

The first step is to carry out a skills gap analysis to identify which competencies are missing or need improvement. Based on this, the company can design an internal training programme or partner with an external training provider to deliver high-quality learning opportunities. It is also possible to connect completed learning with career development by recognising achievements through promotions or other rewards.

### **Expected Benefits**

Introducing a structured development programme will lead to a more skilled and motivated workforce. Employees will be better equipped to handle challenges, come up with innovative ideas, and take on leadership roles. This will improve overall company performance and help ensure long-term competitiveness in the market.

## **3.3.3. Lack of Market Awareness**

### **Problem Summary**

Market Awareness belongs to the Strategy part of the 7S framework (Waterman, Peters, and Phillips, 1980). During the interviews, a lack of market awareness was mentioned several times. Since the company operates mainly in the B2B sector, there is little general awareness of its brand. As the company is now entering the B2C market as well, this lack of awareness may limit new business opportunities and reduce its competitiveness.

### **Proposal**

To address this, a new marketing strategy should be developed and executed. This strategy needs to be aligned with a clearly defined company vision, which is currently missing. The new marketing approach should focus on telling the company's story in a

way that highlights its values, mission, and expertise. At the same time, investment in digital marketing and stronger brand positioning is needed to improve visibility and reach.

### **Implementation Steps**

To improve market awareness, the company should begin by supporting the growth and development of its marketing team. By helping team members build their skills and confidence, they can contribute more effectively to promotional efforts. A new marketing strategy should then be created, with a strong focus on aligning it with the company's goals and a clearly defined target audience. This strategy should include campaigns that highlight the company's expertise, tell meaningful customer success stories, and reflect the company's values and vision. These efforts will help communicate the company's strengths more effectively to the public.

### **Expected Benefits**

By implementing this approach, the company can expect several key benefits. First, its brand will become more recognisable in both B2B and B2C markets. This increased visibility will make it easier to attract new customers and strengthen relationships with existing ones. Besides customers, the company should also attract potential employees who share the same values. Additionally, by clearly communicating what makes the company unique, it will be easier to stand out from competitors. Over time, this will lead to a stronger market position and improved business growth.

## **3.4. Assumptions for Successful Implementation**

The successful implementation of the proposal regarding the development of a clear company vision, improved employee development, and increased market awareness is based on several key assumptions.

### **3.4.1. Key assumptions**

#### **Employee Willingness to Participate**

It is assumed that employees are open to actively engaging in defining company values, participating in training initiatives, and aligning with the company's vision. This includes their willingness to contribute to internal cultural shifts and adopt new working methods.

#### **Leadership Commitment**

The success of any strategic change depends on the full support and involvement of the leadership team. It is assumed that leaders are committed to consistently communicating

the vision, living the values, and investing time and resources in development and marketing initiatives.

### **Shared Understanding of Core Values and Purpose**

It is assumed that once the company's core ideology is officially defined, all employees will interpret and apply the values consistently across departments. This shared understanding is critical to maintaining a cohesive culture.

### **Availability of Resources**

It is assumed that the company will allocate sufficient financial and human resources for training, marketing, and internal alignment activities. Without this investment, implementation may stall.

### **Openness to Feedback and Change**

A key assumption is that both leadership and staff are open to receiving feedback and making iterative adjustments to the strategy, training programs, and internal communications based on performance and outcomes.

### **Stability of External Environment**

The implementation assumes no major external disruptions (e.g., economic crises, significant industry shifts) that would divert focus or reduce the company's ability to invest in long-term development.

## **3.4.2. Risks and Barriers**

There are also several risks and barriers that could hinder the implementation process.

### **Resistance to Change**

Employees may resist cultural or structural changes, especially if they feel uncertain or excluded from decision-making.

Risk reduction: Ensure transparent communication, involve staff early in the vision-building process, and provide training on change management.

### **Leadership Misalignment**

If leadership does not fully embrace the vision or fails to act in alignment with the defined values, it could undermine credibility.

Risk reduction: Organise leadership workshops and regular alignment meetings to maintain consistency and accountability.

### **Undefined or Conflicting Values**

Without clear, universally accepted values, teams may operate based on differing principles, weakening cohesion.

Risk reduction: Facilitate a collaborative process to define and confirm values and reinforce them in onboarding, meetings, and evaluations.

**Limited Employee Development Participation**

Employees might not participate in training if they do not see immediate benefits or if participation is not encouraged formally.

Risk reduction: Link learning to career advancement opportunities and consider introducing reward systems or recognition for development efforts.

**Insufficient Marketing Capability**

If the marketing team lacks the necessary skills or resources, it could lead to ineffective campaigns and low visibility.

Risk reduction: Invest in upskilling, consider hiring external consultants, and ensure the marketing strategy is closely tied to the company’s vision.

**Inconsistent Implementation Across Departments**

Without a unified implementation framework, departments may adopt changes at different rates or with different interpretations.

Risk reduction: Apply the 7S Framework for consistent alignment across structure, strategy, systems, and shared values.

**3.5. Evaluation of the Proposed Solutions**

To ensure that the proposed solutions are successful and lead to real improvements in the company, it is necessary to define how their impact will be measured. This evaluation process should be clear, structured, and aligned with the company's vision and long-term goals. It should also allow the company to regularly check whether the implemented changes are bringing the expected results, and to make improvements when needed.

**3.5.1. Criteria to Evaluate Success**

The criteria for evaluating the success of the implementation of the proposal are shown in Table 5. The first column lists the criteria that come from the proposal and need to be evaluated, and the second column provides questions that can be used to evaluate whether the implementation has been successful or whether there are still any gaps.

Criteria	Questions for evaluation
Clarity and Acceptance of Vision and Values	Are the core ideology and envisioned future understood and accepted by all employees?
Employee Alignment and Engagement	Are employees acting according to the company’s defined values and purpose? Are they engaged in the vision?

Improvement in Professionalism	Are professional values such as responsibility, reliability, and task completion visibly improving?
Participation in Development Activities	Is there an increase in the number of employees joining learning and training programmes?
Skill Development	Are employee skills in leadership, communication, and process management improving?
Brand Recognition	Is there noticeable growth in market awareness, especially in the B2C sector?
Customer and Employee Satisfaction	Do customer and employee feedback show higher satisfaction after the implementation?

**Table 5: List of criteria to evaluate success**

(Source: Author's own work)

### 3.5.2. Tools for Evaluation

The tools that can be used to monitor and evaluate the progress of proposals are listed in Table 6. Recommended tools and their brief descriptions are shown here for a basic understanding of how they can be utilised.

<b>Tool</b>	<b>Description</b>
Employee Surveys	Regular anonymous surveys to assess how employees perceive the company's vision, values, internal culture, and development opportunities.
Performance Reviews	Periodic assessments that include feedback on how employees align with company values and their professional growth.
Training Reports	Reports showing participation rates and outcomes of development activities (e.g., completed courses, skill improvements).
Customer Feedback	Surveys or reviews collected from customers to track changes in satisfaction and perceived service quality.
Market Analysis Tools	Web analytics, social media metrics, and brand awareness studies to measure the impact of new marketing efforts.
Internal Alignment Checklists	Tools for managers to regularly assess whether daily operations and decisions reflect the company's core ideology and long-term goals.

**Table 6: List of tools to evaluate success**

(Source: Author's own work)

### **3.5.3. Timelines and Indicators**

Evaluation should be conducted on a continuous basis, using short-term, medium-term, and long-term indicators.

#### **Short-Term indicators (0–6 months)**

- Completion of initial meetings to define and communicate values and purpose.
- Creation of the learning and development plan and roadmap.
- Internal communication about the vision and values.
- Initial employee feedback on vision alignment (via short survey).
- Number of employees participating in the first training sessions.

#### **Medium-Term indicators (6–18 months)**

- Increased participation in learning activities.
- Measurable increase in skill levels (e.g., leadership, communication).
- Launch and results of the new marketing strategy.
- Positive changes in employee and customer satisfaction scores.

#### **Long-Term indicators (18 months and beyond)**

- Full alignment of business operations with the vision and values.
- Measurable growth in market awareness and brand recognition.
- Development of a strong learning culture within the company.
- Achievement of milestones toward the BHAG (e.g., expansion to other countries or increased market share).
- Higher employee retention and stronger reputation as an employer.

### **3.6. Summary of the proposal part**

The proposal part focuses on improvement and development of the case company. It resolves its main weaknesses. These are the absence of a clear vision of the company, limited focus on employee development, and lack of market awareness.

Using the Vision Framework and the 7S Framework, the proposal defines the company's core values, core purpose, and long-term goals. It introduces a clear and inspiring vision that combines existing strengths, such as expertise and a human-centred approach, with a new Big Hairy Audacious Goal (BHAG): *to become the leading provider of professional multimedia services in Europe*. This vision is intended to provide direction, enhance employee motivation, and guide strategic decisions. To make this vision work, it should be shared with all employees, and they should also be involved in creating it so that everyone understands and supports it.

The second part of the proposal is to improve employee development. At the moment, the company does not have a formal programme to help employees grow professionally. The proposal suggests creating a new role in the company focused on learning and development. This person would help design training programmes for skills needed in the company. These programmes would help employees grow while also supporting the company's goals.

The third area to improve is market awareness, especially in the B2C sector. The company needs more people to know about its services in order to get more sales. To do this, the proposal suggests creating a new marketing strategy that matches the company's new vision. The company should also invest in digital marketing and work on building a stronger brand.

For these changes to succeed, it is important that employees are willing to take part and that leaders support the plan. Everyone in the company needs to understand and believe in the new values and goals. Some potential problems, like fear of change or department heads not fully agreeing, might happen. These can be managed by clear communication, proper training, and regular reminders of the company's direction.

To see if the plan is working, the company should use different ways to measure progress. In the short term, it can look at employee feedback and how many employees participate. In the long term, it can check if more people know about the company and if it is reaching its goals.

By following this proposal, the company can become more organised, improve teamwork, and grow in the market.

## CONCLUSION

The goal of this bachelor's thesis was to propose a suitable approach to the development of activities of a small company that distributes, sells, and installs music and acoustic equipment. The company, with nearly 30 years of experience, serves multiple customer segments and offers a wide portfolio of products and services. Although the company has been successful in the Czech and Slovak markets for many years, it is now facing challenges related to slow revenue growth and internal management issues.

The internal analysis was done by conducting individual interviews with everyone involved in the company. This included all the employees and the business owner. The questions were pre-prepared and formed accordingly to the 7S framework. This way, data on how a current internal situation of the company is perceived was gathered.

Answers provided interesting and valuable insights into the company and highlighted that the company has a strong wholesale segment and technical expertise, but faces challenges with leadership, communication, and a lack of a clear vision. Employees value the friendly atmosphere and support, but suggest improvements in task delegation, training, and a more systematic approach to skill development. The company's future direction is uncertain, but there were several ideas, including becoming a market leader in professional audio and maintaining a positive company culture.

The proposal focused on three main issues: no clear company vision and long-term goals, limited focus on employee development and lack of market awareness. Other identified issues are linked to these three.

The company's lack of a clear vision and long-term goals was identified as the most critical issue. The company already has core values like expertise, friendship, and a family atmosphere, but these values need to be officially described and communicated through the company. The proposal of the company's vision includes core values and a core purpose. The new proposed company purpose is to provide the best to those who want to be the best. In other words, it means providing high-quality, customer-centric solutions while creating value not only for customers but also for employees.

Another part of the vision are Big Hairy Audacious Goals (BHAGs) and vivid descriptions. The company's goal was suggested to become the dominant choice for professional multimedia in Europe. This goal could be achieved through exceptional customer service, top talent recruitment, and strong partnerships. It is supported by the company's core values of expertise, friendship, and fairness.

This complete proposal of the company's vision balances stable core values with dynamic BHAGs and should guide the company towards long-term success and growth.

Second proposal was made about employee development, including training of professional skills. This area is lacking, and the company needs to prioritise it in order to stay competitive. The solution lies in creating a new role in the company focused on learning and development, clearly defining the direction the company is heading and what skills are required, and implementing continuous learning into a company's culture.

The final part of the proposal was about improving market awareness. The company needs a new marketing strategy to increase awareness, mainly in B2C, but also in the B2B market. This strategy should be done accordingly to the company's long-term goals.

In order to reach these goals, it is important for the company to actively put the suggested changes into practice. It should be highlighted that the company's management should apply the recommended vision framework, invest in strong employee development programmes, and introduce a new marketing strategy suiting its goals and vision. Taking these actions will not only solve present challenges but also create a strong foundation for a successful future.

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## **List of abbreviations**

B2B - Business to business

B2C - Business to customer

KPI - Key performance indicator

BHAG - Big hairy audacious goal

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## List of appendixes

### **Annex 1: The structure of the interview with everyone involved in the company**

The interviews are structured according to the 7S framework. The questions are designed to obtain as much information as possible about the internal situation of the company.

Since people in the company speak Czech, the interviews are also held in Czech. Below are the questions translated into Czech that are asked.

What do you imagine under the term "personal/company value"?

Superordinate goals / Shared values: What values do you think the company has? Why these specific ones? What do you imagine under this value? What is the purpose of the company's existence? Why? How would you envision the company in the future? What do you see as the company's long-term goals? What values should the company have in order to achieve the goal you defined? Why these specific ones? Do you think others perceive it the same way?

Strategy: What do you see as the company's current goals? How do you perceive the current situation in the company? What do you think is working well, and what should be improved for the company to reach the future vision you described?

Structure: Is the company's structure clear to you? What is your position within the structure (superior, subordinate, to whom)? Is the structure being followed? Do you think it is well designed/organised? Should the structure be changed or redefined? Why? Why not? Is it in line with your vision of the company in the future? How are decisions made in the company? Who makes these decisions? Are information and updates shared formally or informally?

System: How do you perceive the current processes? Do these processes help you in your work and in finding solutions (to various problems, challenges, etc.)? Are the processes officially documented? Do they help you in setting priorities? Why or why not? How are priorities determined in the company, and how is it decided what should be done first? How do you personally set priorities and decide what to do first? Are the processes efficient? Do you follow them? Why not? How could the current processes be improved? How is the performance of different activities and progress in various projects tracked? Is this in line with your vision of the company in the future?

Skills: What do you think are the strongest skills in the company? What do you base this on? Does the company have all the necessary skills/competencies to achieve the vision you described? Why these specific ones? How do you evaluate that these skills are necessary? How are skills assessed? How are skills developed?

Style: How much support do you receive from others, including leadership? Are your opinions taken into account? How does leadership behave? How do you perceive your responsibilities? How responsible are others? How should this be done in the company in the future?

People: What motivates you at work? What demotivates you or what you do not like ? What would keep you working even in retirement and without financial compensation? What is the atmosphere among people in the company? Are there any training programs or support for personal growth in the company? How are new managers/successors trained? How should people be motivated and trained according to your vision for the future of the company? What would motivate you?

If you could change one thing in the company to make it more successful, what would it be?

Is there anything else you would like to tell?

These questions serve only as a guideline and the questions I ask during the interview might be a bit different.