

# What do SMEs need to become sustainable and resilient in the context of COVID-19 and other global challenges?

## The Good, The Digital & The Human

### *And The Secret Ingredient, Called Sociocracy.*

Change is inevitable. We've heard this statement over and over for the last decade. Now, in 2030, we are facing the consequences of the ever-changing situation for the business ecosystem all over Europe (and the whole planet Earth as well). Some representatives of the SME's, however, understood the assessment, which was 'adapt or perish'. Every single one of them knew they had to change one crucial part of the overall strategy for their enterprises to proceed with their working process. That secret ingredient of success is hidden in the innovative management system, called sociocracy.

However, as important as the management system is, it is not the only factor influencing the success of SMEs. Instead of being the good (or at least the less evil), the bad, and the ugly, the three representatives of this ecosystem followed some simple steps to show a good example of how your business can describe itself as The Good, The Digital, and The Human.

### **The Good**

Energy. The unit we are all in need of. Renewable energy is the foundation of sustainability not only for business but for us as human beings. Therefore, we shall search for an SME which provides a B2B and B2C solution to this problem altogether. And if we ask ourselves what business and customers are doing daily, that is moving. In particular, driving cars. Renewable energy is crucial to them if we want to make them sustainable.

Cars. Most people want one for the status of wellbeing they try to achieve. Most businesses were likely to give one to their employees in order to provide them with security. Most enterprises use one to exchange smaller goods every so often. The purposes of a single car are too many to be described. However, sustainability and the growing up of generations such as Millennials and Gen Z (who are mostly detached from material benefits like movable and immovable property) showed us what we already knew back in 2020 the era of personal cars is slowly dying. What's more, statistics show that the ownership of private vehicles will decrease as mobility as a service, combining multiple modes of transport, becomes more prominent in cities<sup>1</sup>. Especially when most cars as we know them are causing a lot of damage to nature and are not in compliance with regulations of the Green Deal. However, driving far away from point A to point B seemed impossible with electric cars back in the day. Now, it is. And it is a game-changer.

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<sup>1</sup> The future of cities. Opportunities, challenges and the way forward. Luxembourg: Publications Office of the European Union, 2019; <<https://urban.jrc.ec.europa.eu/thefutureofcities/mobility#key-messages>>

The problem-solving SME is allowing users to rent electric cars not only in the city where they are situated, but also to drive them between other cities in the region. How is that going to work? By hopping up from one car to another without charge for doing so. How is this possible? With not only a single platform with which you can rent cars, but with the correlation of it to an electric vehicle charging platform.

An SME which has both sides of the coin of electric vehicles is undefeatable. Why? Because it allows you to run an extra mile, you have the opportunity to use a platform that helps you charge your vehicle, rent a car, as well as drive it as far as it could go. In this way, long-distance partners can easily (and respectfully for the planet) see each other, as well as businesses, use it to exchange whatever they need to in a way better for their business plans and the Earth as well.

Charging points and systems are not the future, but the upcoming tomorrow of our lives. Yes, you got me, because we all need energy. But more than energy, we need time. And the solution of an SME of this kind will help us get both of these units. Giving an enterprise what the customer and the business wants is revolutionary, but this is exactly how the world will work from now on. Within the means of sociocracy, harmony is needed for us to continue our existence. And, to continue to be good now, you must be great not only tomorrow but also the day after tomorrow.

## **The Digital**

Money runs the world. At least, this is what we see in our presence. However, the digital transformation has completely changed the way we see money. Whether we are talking about cryptocurrencies, virtual wallets, or online payments, money is no longer just banknotes with which we ensure our peaceful life. It is an integral part of the digital universe in which we live. For this reason, one of the sectors that are becoming increasingly important for our lives is fintech. Mainly, because the future of finance is digital<sup>2</sup>.

An SME, whose main goal is to make digital money approachable to more people, is crucial to all of us. Bringing society and financial services closer together is truly important for the sustainable development of not only the euro but of every other traditional currency as well. Therefore, it's major for the economy to take that leap. In this way, not only customers are happier with these changes, but business is growing, flourishing as a result of new opportunities arising that weren't possible with cash or cards.

Universally available, creating connections between people and business and making transactions seem like child play, this type of app, respectively SME, is facilitating the whole process of digital transformation for everyone involved in the chain. People are able to send and receive, send, and pay with money on every occasion with an, application that requires no

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<sup>2</sup> COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS on a Digital Finance Strategy for the EU; COM/2020/591 final  
<<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0591>>

top-up. Businesses are being able to accept digital payments with it, only using their name. A pan-European mobile service, moreover, a safe one, protected with military-grade encryption, PIN, and biometric in-app security, is truly needed for the challenges of this digital world.

Accelerated digitalization worldwide puts us in a situation where we are all equal to pixels, code, and artificial intelligence. That is why a financial solution to facilitate mobile payments for each of us must be one of the sustainable solutions for the world. Again, on the principles of sociocracy, placing all economists in a circular structure, we see that helps the increasing trust between consumers and businesses. And this could be achieved only by a really enterprising SME in the fintech industry. to help us run our business easily. Which, of course, still run the world.

## **The Human**

"A 5,000 person study found that higher social media use is correlated with self-reported declines in mental and physical health and life satisfaction," or so stated the American Journal of Epidemiology (2017). Moreover, the investigation of WSJ<sup>3</sup> has found that the Facebook group knew they caused a lot of damage, exacerbating conditions such as eating disorders, body dysmorphia, and so on, but didn't make any changes to solve this problem. Algorithms, data usage, greater usage of AI-those and many more factors make us feel that social media is not a privilege anymore. It's an addiction to the modern person, that causes more problems than it solves... So it got worse and worse. Social media is not social anymore. It became an addictive prison that made all of us buy more and made us scared about what our data was used for. When something like this can (and will, if needed) overthrow a government, make you buy an item you don't need, and put the thought in your mind that your partner might be cheating on you, there is a problem. Especially when WHO made an action plan for mental health all over the world.

At one point, we all figured out there was an AI that was created to manipulate us every single time of the day and we were all in for it. The hierarchy in these social media apps is also quite visible. Just like in our physical reality, there were the popular ones who seemed better than us. Or at least in our social (not only media) bubble. That's when something had to change.

No matter what everyone says, we still show our most 'human'side online. The key actions, taken by the European Commission up to 2030, set the bar for digital entrepreneurs so high that they had to create something better and, what's more important, not as addictive to everything we've seen on the social media ecosystem by now. A person who has worked for one of the biggest enterprises in this business saw that and decided to create a different place online. A place based on the principles of sociocracy. Social media was created for people to communicate, not to be used for their data and then sold to advertisers. Everyone there is equal (no blue badges, no influencer titles or whatsoever). It sounds like an utopic idea, that is not for the long run. But it has a business plan like every other enterprise.

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<sup>3</sup> 'The Facebook Files', 2021 <<https://www.wsj.com/articles/the-facebook-files-11631713039>>

This social media will gain its money from other companies that want to have groups where people can communicate about products and services in different niches. These enterprises will make product placements under which their consumers will discuss whatever they want about the product. In this way, everyone wins. And, of course, is equal.

The other source of money for this SME is the private rooms the app provides for its users. These private rooms cost a symbolic amount of money for people to communicate with mental health experts (just like a mental health chatbot) for their problems. Those psychologists, etc., are paying into the SME as well, to position their work there and to gain new "customers." Just like in the other case with the product placement in certain groups in the app, it helps everyone involved in it.

Yes, it will start as an SME, like every single other business. But it can be sustainable and grow further only if it stays human. By telling stories, by communicating about problems in everyday life, by giving people the sense of being part of society. That's how the ugly side of social media we knew in 2020 can show its human face once again. So that the privilege we know in the face of these apps can give us meaning and not desperation and alienation.

### **The Secret Ingredient**

However, sustained actions by the business towards its customers is not enough. Management systems inside enterprises are crucial to their survival in the business ecosystem. Why? Because people are the most valuable asset and that statement was reconfirmed during the COVID-19 pandemic. Micro-and macro-management isn't working as well as they did back then, because they increase the stressful feeling of being under control all the time. Like Dr. Matthew Agarwala said in his article for Bennett Institute for Public Policy, 'While the value of all capital is subject to expectations about the future, one commodity that is always valuable – in good times and bad – is social capital.'<sup>4</sup> So change is inevitable, not only in the economic structure of SMEs but in their management systems as well. Moreover, that change might be the most important of all.

Happily, there is a management system which gives the solution to that problem:

*The 'Sociocratic management model' relies on four ground rules: decision-making by consent; a hierarchy of circles, in which every member of the organization participates; double linking between circles; and election of persons by consent. Together, these rules promote downward as well as upward information processing. In contrast to conventional methods for advancing information processing (project teams, quality circles), the circle organization is integrated into the administrative hierarchy.'*<sup>5</sup>

To face the challenges in the stressful and ever-changing world we live in, we must be flexible. This is exactly what the sociocratic management model gives to business management.

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<sup>4</sup> 'In a pandemic, your real wealth is other people', Dr. Matthew Agarwala, 2020  
<<https://www.bennettinstitute.cam.ac.uk/blog/pandemic-your-real-wealth-other-people/>>

<sup>5</sup> 'The sociocratic model of organizing', Georges Romme, 1995

Reducing the sense of feeling controlled in favor of feeling in control also helps with the mental state of people. Effective management is always associated with effective employees. That's why the secret ingredient to a sustainable business is an entirely new and more human than ever management system. Sociocracy can finally allow employees to feel valued. And, of course, to make them not only work for money but to feel useful. For a bright future.

### **The reality**

Imagination can lead us anywhere; we saw it in the pages we've just read. However, the reality is we are still in 2021. General mental health is suffering and the Earth is not in a better place. But, every problem has its solution.

Sustainable development for every single entrepreneur will soon be defined by these three key competencies:

- Putting social capital at the top of the SME's business values and improving its management system to accomplish this.
- Adaptivity to digital changes as soon as possible and provide security to its customers and employees.
- Taking responsible actions towards the planet in every single action they take to reach bigger goals for the enterprise.

Yes, digital transformation, innovations in the management field, and adaptivity are crucial to the economy's ability to keep up. However, COVID-19 showed us that every single business must become conscious not only about numbers, but about people, and because of that, the hustling culture is slowly dying and, for good or bad, sustainable growth is taking its place.

Change is not only inevitable. It is here. The only way the business ecosystem can adapt is to overcome its ego and become human. Not only towards its outside values but toward its employees as well. The Good, The Digital, and The Human are the face of the future, but for now, we are still facing The Less Evil, The Bad, and The Ugly. It's up to our humanity to change it.

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