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Restarting entrepreneurial culture, employee motivation, and organizational mindset during SME growth

A Master's Thesis submitted for the degree of
“Executive Master of Business Administration”

supervised by
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Affidavit

I, **VRATISLAV KOSTAL, PHD.**, hereby declare

1. that I am the sole author of the present Master's Thesis, "RESTARTING ENTREPRENEURIAL CULTURE, EMPLOYEE MOTIVATION, AND ORGANIZATIONAL MINDSET DURING SME GROWTH", 64 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and
2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

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Signature

Acknowledgement

I am grateful to my two girls, Barbora and Maria, for all the support and patience during writing the thesis.

Executive summary

As Small and Medium Enterprises (SMEs) scale, they often lose the entrepreneurial spark that fueled their initial success. Bureaucracy, disengaged employees, and weak managerial practices can stifle innovation. This thesis explores how SMEs can “reinvent” themselves to stay dynamic, competitive, and appealing to both clients and staff. High-performing companies such as Patagonia, Microsoft, Netflix, and Adobe, illustrate the power of a clear vision, transparent leadership, and deliberate investment in people and collaboration. In contrast, Kodak and BlackBerry’s downfall highlights the risk of ignoring disruptive shifts and clinging to outdated models.

A case study of electron microscope maker, TESCAN, shows similar obstacles: insufficiently scaled processes, undertrained mid-level managers, and siloed teams. Overcoming these requires effective communication of a unifying strategy, targeted manager training, and processes that align employees with broader objectives. Recognizing entrepreneurial efforts and fostering a growth mindset energizes teams to treat challenges as opportunities, fueling innovation and quick adaptability.

Final part of the thesis is devoted to define some practical aspects and recommendations that help to overcome the SMEs growth’s challenges. Leaders should set clear goals that blend innovation and operational efficiency, and establish transparent feedback channels to track progress. Flattened hierarchies and open communication help eliminate silos, while streamlining bureaucracy ensures processes remain flexible enough for rapid response to market shifts. Finally, rewarding entrepreneurial behavior builds a resilient culture where employees stay motivated to drive long-term, sustainable success.

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1. Introduction

1.1. Background of the problem

Small and medium enterprises (SMEs) are fundamental to the global economy, driving innovation, creating jobs, and fueling economic growth. Globally, SMEs account for approximately 90% of business and contribute up to 50% of global GDP. However, as they achieve success, they start to scale into larger enterprises. During this phase, these organizations often undergo a transformation marked by increased structure, employee growth, and process-driven operations. This shift, while necessary for managing complexity, frequently leads to a decline in entrepreneurial culture, diminished employee motivation, and misalignment of brand identity. This thesis seeks to address the challenge of how SMEs can successfully reinvent themselves after transitioning from their entrepreneurial roots while retaining their agility, innovation, and employee engagement. The research will explore strategies to reintroduce entrepreneurial practices into larger, more complex organizations, reignite employee motivation in the face of growth, rebrand to align with their evolving identity and cultivate a mindset within the organization that embraces continuous change, development, and innovation.

1.2. Research question

How can small and medium-sized enterprises reinvent themselves to remain competitive as they scale to big enterprises by restoring entrepreneurial culture, motivating employees, and fostering a growth mindset?

1.3. Hypothesis

As SMEs grow and transition into more structured, process-driven organizations, they tend to experience a decline in entrepreneurial culture, employee motivation, and brand alignment. This shift often stems from perceived increased bureaucracy, implementing new processes, and a focus on efficiency over creativity, which can stifle the dynamic and adaptive spirit that initially fuelled the company's success. The transformation can also lead to a decrease in employee engagement and demotivation as they face new challenges that have not been presented before.

However, by reintroducing entrepreneurial practices, such as fostering innovation, encouraging risk-taking, and promoting autonomy, SMEs can reclaim their agility and adaptability.

Additionally, cultivating a growth mindset within the leadership team, characterized by embracing change, learning from failures, and prioritizing long-term vision, can empower organizations to navigate complex challenges effectively. By redefining their brand identity, aligning with evolving market demands, and promoting internal cultural shifts further ensure that SMEs remain relevant. Such an approach resonates well with both employees and customers. By integrating these changes, SMEs can achieve improved employee engagement, sustained innovation, and enhanced market competitiveness, securing their position as dynamic contributors to the economy.

1.4. Relevance and contribution of the thesis

This study aims to contribute to the field of business administration by identifying and exploring practical solutions to transformation challenges, offering insights for SMEs to maintain agility and innovation while managing increased complexity. The thesis could be relevant to business leaders, entrepreneurs, and middle managers who aim to sustain the growth and competitiveness of SMEs in today's fast-evolving markets.

1.5. Research approach

The research will utilize a mixed-method approach to explore best practices for SME reinvention by combining literature reviews, analyzing illustrative examples, and personal experience with the transformation happening in an SME company.

The methodology begins with a literature review examining themes like entrepreneurial culture, employee motivation, organizational branding, and mindset transitions in scaling SMEs. This is complemented by an analysis of several illustrative examples of companies that were successfully transformed and also from those that failed.

Finally, personal experience from top management at TESCAN, an electron microscopic manufacturer, will offer an in-depth view of the challenges, strategies, and approaches we have been using to innovate and re-motivate people in the organization during this transformation process.

2. Literature review

2.1. General challenges in scaling SMEs

Small and Medium-sized Enterprises (SMEs) are businesses whose size falls within certain limits set by organizations or governments. By general definition, an SME is a company that has less than 500 employees and a turnover of 50-70 million USD (Robbins, 2000). On the contrary, large enterprises are defined as companies with more than 500 employees. In general, 50% of the worldwide GDP is generated by SMEs (Davis, 2022).

The objective of every company is to achieve growth. The time required for a small or medium-sized enterprise (SME) to transition into a large enterprise varies depending on the industry (Storey, 2003 & Geiner, 1972). For software companies, this process can take as little as 2-5 years, whereas for manufacturing and retail organizations, the timeframe is typically between 10-20 years. The key difficulties that SMEs encounter as they scale can be operational, financial, regulatory, technological, and cultural (Kindström, 2022).

2.1.1. Operational complexity

During an SME's growth, its operations become more intricate and multifaceted. Processes and systems that were once effective in a smaller organization may no longer suffice, resulting in inefficiencies and delays (Goffee, 2015). For instance, manual methods of inventory tracking or customer management may struggle to meet the demands of increased volume. To maintain efficiency, SMEs need to adopt more advanced tools, standardize workflows, and introduce clear organizational structures. This often involves balancing the need for operational upgrades with the constraints of time, cost, and expertise, which can overwhelm smaller teams unaccustomed to managing complexity (Osterwalder, 2020).

2.1.2. Financial strain

Scaling a business requires significant financial resources, often placing immense pressure on cash flow. Expenses such as hiring new employees, upgrading technology, increasing inventory, or expanding physical facilities can quickly deplete reserves (Delmar, 2003). Additionally, securing external funding can be challenging, as lenders or investors typically expect detailed business plans and proven profitability. Similarly, government-run funding opportunities and subsidies are no longer available to larger companies. Resulting financial strain can then force SMEs

to make tough decisions, such as delaying expansion plans and prioritizing immediate operational needs over long-term growth opportunities, potentially hampering their trajectory.

2.1.3. Scalability of the business model

A business model that works efficiently for a minor operation may not scale effectively as demand grows. Processes that rely heavily on manual input or a small team's efforts can become bottlenecks (Burns, 1996). Similarly, products or services that generate high margins on a small scale might face diminishing returns when scaled up due to increased costs or competition. Ensuring scalability requires reevaluating the core business model, identifying limitations, and proactively investing in systems, technologies, or partnerships that support sustainable growth.

2.1.4. Regulatory and compliance issues

As SMEs grow, they encounter more stringent regulatory and compliance requirements. As companies grow extensively, more stringent regulations apply to factors like ESG and GDPR (Redondo Alamillos, 2022). More extensive operations are subject to additional tax obligations, labor laws, environmental regulations, and industry-specific mandates. Navigating these complexities requires hiring legal or compliance experts, which can be expensive for SMEs. Additionally, failing to comply with regulations can lead to hefty fines or reputational damage. Proactively understanding and preparing for these obligations is essential, but it can divert focus and resources from other growth-related activities.

2.1.5. Technology integration

Rapid growth often exposes the limitations of an SME's existing technology infrastructure (Westerman, 2014). Legacy systems or manual processes that sufficed for smaller operations may not handle the demands of a larger, more complex organization. Upgrading or replacing these systems is not only costly but also disruptive, requiring careful planning and implementation (Iansiti, 1995). Furthermore, the pace of technological advancement can make it difficult for SMEs to keep up, potentially leaving them at a disadvantage compared to competitors who adopt cutting-edge solutions. This area is becoming especially important in the recent era of AI and machine learning technologies (Verganti, 2020).

All these factors are important and affect the overall challenge of scaling the SME into a larger organization. However, especially in the case of high-tech companies, two main aspects become an even more significant challenge during scaling. They are connected to the human and employee elements of the company. The following paragraphs describe the aspects of losing entrepreneurial culture innovation capability and overall employee motivation (Wolf, 2011).

2.2. Organizational challenges in growing SMEs

2.2.1. Loss of entrepreneurial culture

As SMEs grow, the informal and dynamic environment that fosters innovation and quick decision-making during the early stages often gives way to more formalized structures and processes (Arabeche, 2022). This transition can dilute the entrepreneurial spirit as creativity and risk-taking become less utilized in favor of predictable and scalable operations. Over time, this cultural shift can stifle innovation, reduce agility, and impede the organization's ability to quickly adapt to market opportunities or disruptions, potentially diminishing its competitive edge.

2.2.2. Increased bureaucracy and rigid processes

To manage the complexities of growth, SMEs introduce hierarchical structures and standardized procedures (Schein, 2010). Examples include implementing multiple types of matrix organizations and crossing the functional and business-focused lines. While these measures are essential for ensuring consistency and scalability, they can inadvertently lead to an overly bureaucratic environment. This rigidity can slow decision-making, hinder adaptability, and frustrate employees who are accustomed to the flexibility of a smaller organization. As a result, the company may struggle to respond effectively to rapid changes in the market, risking lost opportunities and diminishing customer satisfaction (Baek, 2019).

2.2.3. Balancing innovation with efficiency

The pursuit of efficiency during growth often leads SMEs to prioritize operational processes over innovation. While streamlined operations are crucial for managing scale, they can overshadow the creative thinking and experimentation needed to maintain a competitive edge (Christensen, 2015). This trade-off can leave the organization vulnerable to stagnation as it struggles to adapt to evolving customer

needs or industry trends. Without a deliberate effort to balance these priorities, the company risks losing its innovative spirit and becoming less relevant in the market.

2.3. Employee engagement during SME growth

2.3.1. Decline in employee motivation

Rapid growth can create an environment where employees feel increasingly disconnected from the organization's vision and culture. As processes become more formalized and the organization expands, employees may feel their contributions are less valued, leading to disengagement and reduced morale (Denison, 1995). Another factor contributing to reduced motivation is the transition from a strong leadership presence (typically a founder) to a more corporate and managerial structure (Schein, 1995). This lack of motivation can manifest as lower productivity, increased turnover, and a reluctance to go above and beyond in their roles, all of which can impact the company's overall performance and cohesion (Dobre, 2013 & Akdere, 2020).

2.3.2. Brand and identity misalignment

As SMEs evolve and get bigger, their mission, internal culture, and market position may shift, often leaving the brand identity lagging (Bocconcelli, 2003). Typically, serving new markets industries, offering different product lines, and integrating new companies through mergers and acquisitions can lead to a new identity crisis, which is different from the original company (Aaker, 2012). This misalignment can create confusion among employees (especially the senior ones), as the brand no longer accurately represents the organization's values or aspirations (Osakwe, 2020). Such disconnects can erode trust and loyalty, making it harder to attract and retain both top talent and even customers. Over time, this misalignment can weaken the organization's reputation and diminish its impact in the market (Virvilaite, 2011).

2.3.3. Adapting leadership and mindset

As SMEs expand, their leaders often face challenges in adapting to the increased complexity of managing a larger organization. Leaders who thrived in the entrepreneurial stage may struggle to shift their focus from hands-on management to strategic oversight (Franco, 2015). This lack of adaptability can lead to misaligned goals, inefficient decision-making, and resistance to necessary change. Without a growth-oriented mindset and leadership development, the organization may face bottlenecks that impede its ability to scale effectively and sustain long-term success.

3. Analysis of illustrative examples

3.1. Success stories: strategies for SME reinvention

3.1.1. Patagonia

3.1.1.1. Early success and innovation

Patagonia, Inc., founded in 1973 by Yvon Chouinard**,** began as a maker of climbing equipment in Ventura, California. Chouinard, a passionate climber, focused on creating high-quality, functional gear that met the needs of outdoor enthusiasts. The company gained early success by introducing durable and innovative products, such as rugby shirts for climbing and environmentally friendly pitons, which replaced the damaging steel spikes traditionally used in rock climbing. By the late 1970s, Patagonia had expanded into outdoor clothing, creating products designed for performance and durability. The brand quickly became synonymous with premium outdoor gear and a commitment to quality. From the beginning, Patagonia differentiated itself with a deep connection to the environment, embedding sustainability into its DNA (Sundheim, 2023).

3.1.1.2. Peak and transformation

By the 1980s and 1990s, Patagonia had become a leading outdoor apparel brand, known not only for its high-performance gear but also for its progressive environmental policies. The company introduced innovations like fleece jackets made from recycled plastic bottles, demonstrating its dedication to sustainable practices. Patagonia's decision to donate 1% of its annual sales to environmental causes through its membership in 1% for the Planet reinforced its image as an eco-conscious brand. During this time, Patagonia transformed its business model to prioritize environmental responsibility over conventional profit-driven practices. Campaigns such as "Don't Buy This Jacket" challenged consumerism, encouraging customers to repair and reuse products rather than replace them, further strengthening Patagonia's position as a purpose-driven company.

3.1.1.3. Challenges and continued evolution

Despite its success, Patagonia faced challenges such as rising production costs due to its commitment to sustainable materials and processes, as well as navigating a consumer landscape that often prioritized convenience over ethics. However, the company overcame these challenges by staying true to its mission and continually

innovating in sustainable production and material science. Patagonia expanded its Worn Wear Program, offering repair services and second-hand products to extend the lifecycle of its gear. It also embraced activism, using its platform to raise awareness about issues like climate change and public land protection. Patagonia's dedication to transparency and social responsibility resonated deeply with a growing base of environmentally conscious consumers, enabling it to thrive despite economic fluctuations.

3.1.1.4. Current business focus

Today, Patagonia is a global leader in sustainable outdoor apparel and gear, with a mission "to save our home planet." The company continues to innovate by using advanced sustainable materials such as organic cotton, hemp, and recycled fabrics. Its business model emphasizes repair, reuse, and recycling, offering programs like Worn Wear to promote circular fashion. Patagonia is also deeply engaged in environmental and social activism, funding grassroots movements, filing lawsuits to protect natural resources, and using its marketing to educate the public on environmental issues. Internally, the company fosters a progressive workplace culture, offering benefits like on-site childcare, flexible schedules, and paid time for employees to participate in activism.

3.1.1.5. Reasons for Patagonia's success

Patagonia's success stems from its unwavering commitment to sustainability, high-quality products, and purpose-driven leadership. The company's dedication to reducing its environmental impact and promoting ethical practices set it apart in a competitive market. Patagonia's ability to balance profitability with purpose attracted a loyal customer base of environmentally conscious individuals. Its willingness to challenge industry norms, such as promoting repair over replacement and donating significant portions of its revenue to environmental causes, earned it a reputation as a trailblazer in corporate responsibility. By aligning its business model with its mission and values, Patagonia has cultivated both brand loyalty and global respect.

3.1.1.6. Lessons learned

Patagonia's journey demonstrates the power of purpose-driven business models and the importance of aligning operations with core values. Its success underscores the value of staying true to a mission, even in the face of challenges and prioritizing long-term goals over short-term profits. Patagonia's focus on sustainability, transparency, and innovation highlights how companies can not only thrive but also

inspire positive change (Chouinard, 2006). The brand's story serves as a blueprint for balancing financial success with environmental and social responsibility, proving that businesses can be both profitable and a force for good.

Patagonia	
Industry	Outdoor apparel and gear
Founded	1973
Founders	Yvon Chouinard
Revenues	Estimated at over $1 billion (privately held; exact figures not publicly disclosed)
Headquarters	Ventura, California, USA
Employees	Approximately 2,000–3,000
Main Innovation Pivots	- Pioneering use of sustainable materials (e.g., recycled polyester, organic cotton)
	- Worn Wear Program (repair and reuse)
	- 1% for the Planet (donating 1% of sales to environmental causes)
Key Challenges	- Transparent and socially responsible supply chain
	- Balancing environmental mission with business growth
	- Ensuring supply chain ethics and sustainability at scale
	- Adapting to changing consumer demands while maintaining brand integrity and purpose

Fig. 1: Patagonia: Summary

3.1.2. Adobe

3.1.2.1. Early success and innovation

Adobe Inc., founded in 1982 by John Warnock and Charles Geschke in Mountain View, California, began as a software company specializing in digital publishing. Its first product, PostScript, revolutionized desktop publishing by providing a standard language for printers, enabling high-quality text and graphics printing. Adobe's focus on innovation continued with the launch of Adobe Illustrator in 1987, a vector-based graphic design tool that became a staple for designers. The release of Photoshop in 1990 further solidified Adobe's reputation, as it became the industry standard for image editing and manipulation. By the mid-1990s, Adobe's products, including Acrobat and the PDF format, were transforming how businesses and individuals created, edited, and shared digital content. This early focus on innovation and user-centric design set Adobe apart as a leader in creative software.

3.1.2.2. Peak and transformation

Adobe maintained its dominance in the creative software market throughout the late 1990s and early 2000s, as products like InDesign, Premiere Pro, and After Effects became essential tools for professionals in graphic design, video editing, and

publishing. However, as software distribution shifted with the rise of the internet, Adobe faced challenges related to software piracy and inconsistent revenue streams. In response, Adobe made a bold strategic decision in 2013 to transition from a perpetual licensing model to a subscription-based model with Adobe Creative Cloud. This transformation allowed customers to access Adobe's suite of products via subscription, providing continuous updates and cloud-based collaboration. Though initially controversial, this move proved to be a turning point, enabling Adobe to generate predictable recurring revenue and foster customer loyalty.

3.1.2.3. Challenges and continued evolution

Adobe faced several challenges during its transformation, including resistance from customers accustomed to one-time purchases and competition from emerging creative tools. However, the company overcame these hurdles by continuously improving its products, integrating features like cloud storage, collaboration tools, and AI-powered functionalities through its Adobe Sensei platform. Adobe also expanded into new markets, including digital marketing and analytics, with the acquisition of Omniture in 2009 and the launch of Adobe Experience Cloud, which provides data-driven marketing solutions. Strategic acquisitions, such as Figma in 2022, bolstered Adobe's ability to serve both professionals and businesses, keeping it ahead of competitors in the creative and enterprise software industries.

3.1.2.4. Current business focus

Today, Adobe is a global leader in creative and digital experience software. Its primary focus areas include creative tools like Photoshop, Illustrator, and Premiere Pro; document management with Adobe Acrobat and the PDF format; and digital marketing solutions through Adobe Experience Cloud. Adobe continues to invest heavily in emerging technologies, including artificial intelligence, machine learning, and cloud-based collaboration tools. The company's commitment to sustainability, such as reducing its carbon footprint and integrating eco-friendly practices, further strengthens its reputation as an innovative and responsible organization.

3.1.2.5. Reasons for Adobe's success

Adobe's success is rooted in its ability to innovate continuously, adapt to market changes, and prioritize customer needs. Its early dominance in creative software established a strong foundation, while its transition to the subscription model enabled sustainable growth and recurring revenue. Strategic investments in AI, cloud computing, and digital marketing allowed Adobe to expand beyond creative tools and

serve a broader audience. The company's customer-centric approach includes offering seamless integration across its software ecosystem, enhanced user experience, and loyalty. Additionally, Adobe's acquisitions of key players like Omniture and Figma ensured it stayed competitive and relevant in a rapidly changing market.

3.1.2.6. Lessons learned

Adobe's journey underscores the importance of adaptability, bold decision-making, and innovation in achieving long-term success. The company's willingness to disrupt its own business model by transitioning to subscriptions highlights the value of prioritizing long-term sustainability over short-term gains. Adobe's success also demonstrates the importance of diversifying product offerings and entering new markets to mitigate risks and seize growth opportunities. By continually investing in technology and aligning with customer needs, Adobe has remained a leader in the tech industry. Its story serves as a powerful example of how businesses can thrive by embracing change, fostering innovation, and maintaining a strong customer focus.

Adobe	
Industry	Computer software (creative, marketing, and document management)
Founded	1982
Founders	John Warnock and Charles Geschke
Revenues	Approx. $17–18 billion (FY 2022)
Headquarters	San Jose, California, USA
Employees	~29,000
Main Innovation Pivots	- PostScript and desktop publishing revolution
	- Creation and dominance of PDF (Acrobat)
	- Transition from Creative Suite to Creative Cloud subscription model
	- AI integration (Adobe Sensei) and expansion into digital marketing (Adobe Experience Clo
Key Challenges	- Driving ongoing innovation while managing subscription model
	- Competition from emerging creative tools (e.g., Canva, Figma)
	- Balancing acquisitions and organic R&D
	- Meeting evolving user expectations in design, collaboration, and marketing solutions

Fig. 2: Adobe: Summary

3.1.3. Netflix

3.1.3.1. Early success and innovation

Netflix was founded in 1997 by Reed Hastings and Marc Randolph in Scotts Valley, California, as a DVD rental-by-mail service. The company capitalized on the

inefficiencies of traditional video rental stores by offering a subscription-based model with no late fees and a vast selection of DVDs. Netflix introduced an innovative online platform for ordering DVDs, making the rental process more convenient for customers. By the early 2000s, Netflix had disrupted the video rental industry, emerging as a strong competitor to companies like Blockbuster. The company's early success was driven by its ability to identify consumer pain points and leverage technology to create a more user-friendly service.

3.1.3.2. Peak and transformation

Netflix's transformative success began in 2007 when it launched its streaming service, allowing customers to watch movies and TV shows online. Recognizing the growing importance of internet connectivity and the decline of physical media, Netflix shifted its focus from DVDs to digital streaming. By investing heavily in technology infrastructure, Netflix created a seamless streaming experience that became a model for the industry. In 2013, Netflix further disrupted the entertainment landscape by producing its original content, starting with the critically acclaimed series House of Cards. This move not only differentiated Netflix from competitors but also established it as a leader in content creation. By the late 2010s, Netflix had expanded globally, reaching over 190 countries and amassing millions of subscribers. Its strategy of combining a vast content library with high-quality original programming positioned it as the dominant player in the streaming market.

3.1.3.3. Challenges and continued evolution

Despite its success, Netflix faced increasing competition from other streaming platforms like Amazon Prime Video, Disney+, and HBO Max. The company addressed these challenges by doubling down on its original content production, investing billions of dollars annually to produce movies, TV series, and documentaries. Netflix also adapted its business model to cater to global audiences by producing region-specific content and offering tiered pricing to attract a broader customer base. Its ability to pivot and innovate has allowed Netflix to maintain its position as a leader in the highly competitive streaming industry.

3.1.3.4. Current business focus

Today, Netflix is a global entertainment powerhouse, with over 230 million subscribers as of 2023. The company focuses on delivering high-quality content across a wide range of genres, catering to diverse audiences worldwide. Its investments in advanced recommendation algorithms, global content production, and

interactive storytelling (e.g., Black Mirror: Bandersnatch) have further solidified its appeal. Netflix continues to explore new opportunities, such as gaming and live events, to diversify its offerings and sustain subscriber growth. The company's emphasis on innovation, content quality, and audience engagement remains at the core of its strategy.

3.1.3.5. Reasons for Netflix's success

Netflix's success can be attributed to its visionary leadership, willingness to embrace technological change, and customer-centric approach. By anticipating the decline of physical media and capitalizing on the rise of digital streaming, Netflix transformed its business model to align with emerging consumer preferences. Its early adoption of streaming technology and strategic investment in original content enabled the company to differentiate itself from competitors and create a loyal subscriber base. Additionally, Netflix's data-driven approach to understanding viewer behavior allowed it to make informed decisions about content production and personalization, enhancing customer satisfaction.

3.1.3.6. Lessons learned

Netflix's journey highlights the importance of adaptability, innovation, and forward-thinking leadership in achieving long-term success. The company's willingness to disrupt its business model, such as shifting from DVDs to streaming, underscores the value of embracing change to stay ahead of industry trends. Investing in proprietary content and leveraging technology to improve user experience demonstrates how companies can create a competitive advantage. Furthermore, Netflix's global expansion and commitment to catering to diverse audiences illustrate the power of aligning strategy with customer needs. Ultimately, Netflix's success serves as a blueprint for how businesses can thrive by remaining agile, customer-focused, and committed to innovation.

Netflix	
Industry	Streaming media, film/TV production, and distribution
Founded	1997
Founders	Reed Hastings and Marc Randolph
Revenues	Approx. $31–32 billion (2022–2023)
Headquarters	Los Gatos, California, USA
Employees	~12,800
Main Innovation Pivots	- Shift from DVD-by-mail to online streaming (2007)
	- Original content production (House of Cards, etc.)
	- Global expansion across 190+ countries
	- Experimentation with interactive content (e.g., Black Mirror: Bandersnatch)
Key Challenges	- Intensifying competition (Amazon Prime Video, Disney+, HBO Max, etc.)
	- Managing rising content production costs
	- Retaining subscribers amid market saturation
	- Addressing issues like password sharing and content localization

Fig. 3: Netlfix: Summary

3.1.4. Microsoft

3.1.4.1. Early Success and Innovation

Microsoft was founded in 1975 by Bill Gates and Paul Allen in Albuquerque, New Mexico, with the vision of making personal computing accessible to everyone. The company's early success was driven by its development of MS-DOS, an operating system that became the foundation for the IBM PC in 1981. Microsoft followed this with the release of Windows in 1985, which provided a graphical user interface and revolutionized personal computing. By licensing its software to multiple hardware manufacturers, Microsoft established itself as a dominant force in the growing PC market. During this period, it also launched other iconic products, such as Microsoft Office, which became the standard productivity suite for businesses and individuals alike. Microsoft's ability to identify emerging opportunities and capitalize on them through innovation set the stage for its early dominance in the technology sector.

3.1.4.2. Peak and transformation

Throughout the 1990s and early 2000s, Microsoft reached its peak as the leading tech company, with its Windows operating system running on more than 90% of personal computers worldwide. However, as the tech industry evolved with the rise of mobile computing, cloud technology, and internet-based services, Microsoft faced challenges in adapting. Competitors like Apple and Google captured significant market share in mobile and cloud platforms, leaving Microsoft struggling to stay

relevant. Under the leadership of Satya Nadella, who became CEO in 2014, Microsoft embarked on a remarkable transformation. Nadella shifted the company's focus from traditional software to cloud computing and enterprise solutions, making Microsoft Azure a cornerstone of the business. The company also embraced a more collaborative and open culture, enabling it to reimagine its approach to technology and customer engagement.

3.1.4.3. Challenges and continued evolution

Microsoft faced several challenges during its transformation, including overcoming the perception of being a legacy software company. However, it addressed these challenges by investing heavily in innovation, such as integrating artificial intelligence into its products and expanding its cloud services. The company also adopted a subscription-based model for its flagship products like Microsoft Office, transitioning to Microsoft 365, which provided steady, recurring revenue. Furthermore, Microsoft entered new markets, such as gaming with its Xbox platform, and strengthened its position in the developer community by acquiring GitHub in 2018. These strategic moves helped Microsoft regain its competitive edge and emerge as a leader in the tech industry.

3.1.4.4. Current business focus

Today, Microsoft is a global technology powerhouse with a diversified portfolio of products and services. Its primary focus areas include cloud computing with Microsoft Azure, enterprise solutions with Microsoft 365 and Dynamics 365, gaming through Xbox and its acquisition of Activision Blizzard, and AI and machine learning integration into its software and services. Microsoft's investments in emerging technologies like quantum computing, edge computing, and AI tools such as Copilot have further solidified its position as a leader in innovation. The company's commitment to cross-platform compatibility and open-source collaboration reflects its adaptability and focus on meeting customer needs.

3.1.4.5. Reasons for Microsoft's success

Microsoft's success can be attributed to its ability to adapt to changing market dynamics, invest in innovation, and maintain a customer-centric approach. Its early dominance in operating systems and productivity software created a solid foundation. At the same time, its shift to cloud computing under Satya Nadella's leadership ensured continued relevance in a rapidly evolving tech landscape. Microsoft's adoption of a subscription-based model provided consistent revenue, and its

diversification into areas like gaming, AI, and enterprise solutions helped mitigate risks and expand its influence. The company's openness to collaboration and cross-platform compatibility further strengthened its brand and user loyalty.

3.1.4.6. Lessons learned

Microsoft's journey highlights the importance of adaptability, visionary leadership, and a willingness to embrace change. The company's ability to disrupt its legacy products, as seen in its shift to the cloud and subscription models, underscores the need for businesses to innovate continually. Investing in emerging technologies and diversifying revenue streams demonstrate how organizations can remain competitive in dynamic industries. Microsoft's success also emphasizes the value of fostering a collaborative culture and aligning strategies with customer needs. Ultimately, its story serves as a powerful example of how companies can achieve sustained growth by staying agile, innovative, and forward-thinking.

Microsoft	
ndustry	Computer software, cloud computing, consumer electronics, and AI
Founded	1975
Founders	Bill Gates and Paul Allen
Revenues	Approx. $198 billion (FY 2022–2023)
Headquarters	Redmond, Washington, USA
Employees	~220,000 (2023)
Main Innovation Pivots	- Dominance in PC operating systems (MS-DOS, Windows)
	- Transition to subscription services (Office 365)
	- Expansion into cloud (Microsoft Azure)
	- Acquisitions (LinkedIn, GitHub, Activision Blizzard) and AI integration (Microsoft Copilot)
Key Challenges	- Ongoing antitrust scrutiny and regulatory pressures
	- Competition from Google, Apple, Amazon in cloud, productivity, and AI
	- Balancing innovation with legacy product support
	- Maintaining developer and consumer trust in a rapidly changing tech landscape

Fig. 4: Microsoft: Summary

3.2. Lessons from failure: common pitfalls

Some companies have successfully addressed scaling challenges and transformed their business and culture to achieve further growth. However, others, despite their initial success, failed to adapt and innovate, ultimately succumbing to the shifting economic landscape. Here, we highlight a few examples of once-thriving companies that were unable to evolve and did not survive these changes.

3.2.1. Kodak

3.2.1.1. Early success and innovation.

Eastman Kodak Company, commonly known as Kodak, was founded in 1888 by George Eastman and is headquartered in Rochester, New York. The company revolutionized photography by introducing the first consumer-friendly camera, the Kodak Box Camera, with its iconic slogan, “You press the button, we do the rest.” This innovation made photography accessible to the masses, simplifying complex photographic processes. For much of the 20th century, Kodak dominated the global photography industry, expanding its portfolio to include cameras, film, and photographic paper. It became synonymous with capturing memories and was a pioneer in imaging technologies, inventing the world’s first digital camera in 1975 and contributing to advancements in healthcare, cinema, and aerospace imaging.

3.2.1.2. Peak and decline

During its peak in the mid-20th century, Kodak was a market leader with significant global reach and profitability. However, despite its early innovation in digital photography, Kodak resisted fully embracing the technology, fearing it would cannibalize its lucrative film business. This reluctance allowed competitors like Canon, Sony, and Fujifilm to dominate the growing digital photography market. The rapid decline of film photography and Kodak’s failure to adapt to the digital transition, coupled with strategic missteps, eroded its market share. By the early 2000s, Kodak was struggling to compete, and its revenues significantly declined.

3.2.1.3. Bankruptcy and reinvention

In 2012, Kodak filed for bankruptcy, marking the culmination of its struggles to adapt to technological disruptions. The restructuring process allowed Kodak to focus on redefined priorities, moving away from its traditional consumer business. The company pivoted toward business imaging solutions, industrial printing, and commercial services. It also ventured into new areas, including biotech and blockchain, as part of its efforts to reinvent itself and find relevance in a rapidly evolving market.

3.2.1.4. Current business focus

Today, Kodak operates in specialized imaging and technology sectors, including digital printing for commercial and industrial purposes, advanced materials like 3D printing and functional films, and Kodak Pharmaceuticals, which focuses on producing

essential pharmaceutical ingredients. While its dominance in the photography market is a thing of the past, Kodak remains an iconic brand with a legacy of innovation. Its story serves as both an inspiration for its early achievements and a cautionary tale about the risks of failing to adapt to disruptive change.

3.2.1.5. Reasons for Kodaks's failure

Kodak's failure can be attributed to a combination of poor strategic decisions, resistance to change, and an inability to adapt to market disruptions. Despite inventing the first digital camera in 1975, Kodak hesitated to develop and market digital photography, fearing it would cannibalize its highly profitable film business. Additionally, Kodak's leadership failed to recognize the rapid shift in consumer preferences toward convenience and digital innovation, remaining overly reliant on traditional film products. A risk-averse culture further stifled innovation and prevented bold moves that could have revitalized the company. Compounding these issues was Kodak's lack of focus on building a comprehensive digital ecosystem, including software and online services, which became critical in the photography industry's evolution. By the time Kodak tried to catch up, it was too late to regain its competitive edge.

3.2.1.6. Lessons learned

Kodak's story provides valuable lessons about the importance of adaptability, innovation, and forward-thinking leadership in business. One of the key takeaways is that companies must be willing to embrace disruptive technologies, even if they threaten existing revenue streams. Kodak's reluctance to pivot to digital photography demonstrates the risks of prioritizing short-term profits over long-term sustainability. Businesses must also maintain a customer-centric approach, staying attuned to shifting consumer preferences and technological advancements. Leadership plays a crucial role in fostering a culture of innovation and encouraging risk-taking to stay ahead of competitors. Additionally, Kodak's failure highlights the importance of diversifying beyond core products and investing in complementary ecosystems to remain competitive in evolving markets. Ultimately, companies that proactively disrupt themselves and embrace change are more likely to thrive in the face of industry transformation.

Kodak	
Industry	Photography, imaging, printing, and commercial printing
Founded	1888
Founder	George Eastman
Revenues	Approx. $1–1.2 billion (recent years; can vary year to year)
Headquarters	Rochester, New York, USA
Employees	~4,500–5,000 (2022–2023 estimates)
Main Innovation Pivots	- Pioneering roll film for consumer photography
	- First digital camera prototype (1975)
	- Transition into commercial printing and advanced materials after bankruptcy restructurin
Key Challenges	- Failure to embrace digital photography aggressively, leading to market share loss
	- Over-reliance on film sales and slow to pivot strategy
	- Competition from innovative digital camera and tech companies
	- Organizational restructuring after 2012 bankruptcy filing
	- Addressing issues like password sharing and content localization

Fig 5: Kodak: Summary

3.2.2. BlackBerry

3.2.2.1. Early success and innovation

BlackBerry, originally known as Research In Motion (RIM), was founded in 1984 by Mike Lazaridis and Douglas Fregin in Waterloo, Canada. The company became a pioneer in mobile communication with its innovative BlackBerry smartphones, which gained immense popularity in the late 1990s and early 2000s. BlackBerry revolutionized mobile technology by introducing devices with physical keyboards, secure email functionality, and enterprise-level communication tools. Its dominance in the corporate world was unmatched, as BlackBerry became the go-to device for professionals, governments, and businesses. At its peak, BlackBerry controlled nearly 50% of the global smartphone market and was seen as a status symbol for productivity and communication.

3.2.2.2. Peak and decline

During its peak in the mid-2000s, BlackBerry was a dominant player in the smartphone market, with its iconic physical keyboard and proprietary operating system. However, its downfall began with the launch of Apple's iPhone in 2007, which revolutionized the market with an entire touchscreen interface and app-based ecosystem. BlackBerry dismissed the iPhone as a niche product, underestimating the growing demand for user-friendly consumer devices. As Android smartphones

followed, BlackBerry's reliance on its physical keyboard and outdated operating system became significant drawbacks. The company also failed to prioritize the development of a robust app ecosystem, which was rapidly becoming a critical factor in smartphone success. BlackBerry's market share plummeted as competitors like Apple and Samsung captured the consumer market, leaving BlackBerry struggling to maintain relevance.

3.2.2.3. Bankruptcy and reinvention

Although BlackBerry did not declare bankruptcy, it underwent a significant decline and was forced to shift its focus. In the early 2010s, the company attempted to regain market share with new devices like the BlackBerry 10 operating system and touchscreen smartphones, but these efforts came too late. By 2016, BlackBerry had stopped manufacturing smartphones altogether and instead licensed its brand to third-party manufacturers. The company pivoted to focus on enterprise software, cybersecurity, and Internet of Things (IoT) solutions. Its acquisition of Cylance, a leader in AI-based cybersecurity, marked a strategic move to establish a foothold in the growing cybersecurity market.

3.2.2.4. Current business focus

Today, BlackBerry has reinvented itself as a software company specializing in enterprise solutions, cybersecurity, and IoT technology. It offers secure communication tools, device management software, and connected vehicle technology for industries like automotive, healthcare, and finance. BlackBerry's QNX platform is widely used in automotive operating systems, reflecting its shift from consumer devices to industrial and enterprise markets. While its prominence in the smartphone industry is a distant memory, BlackBerry continues to leverage its expertise in security and innovation to remain relevant in the tech sector.

3.2.2.5. Reasons for BlackBerry's failure

BlackBerry's failure can be attributed to its inability to adapt to rapidly changing market dynamics and technological advancements. The company underestimated the impact of the iPhone and Android smartphones, dismissing the demand for touchscreens and robust app ecosystems. BlackBerry's leadership remained focused on its core business users, ignoring the growing consumer market that prioritized user-friendly features, multimedia capabilities, and a seamless ecosystem. A slow response to innovation, such as transitioning from physical keyboards to touchscreens, and failure to embrace modern operating systems further accelerated

its decline. These strategic missteps, combined with a culture resistant to change, left BlackBerry unable to compete in a market it once dominated.

3.2.2.6. Lessons learned

BlackBerry's story underscores the importance of adaptability, innovation, and customer-centric strategies in sustaining success. Companies must remain vigilant about emerging trends and technological disruptions, even when these changes challenge their core business models. BlackBerry's reluctance to embrace touchscreens and app ecosystems highlights the dangers of prioritizing legacy strengths over evolving consumer preferences. Leadership plays a critical role in fostering a culture of innovation and making bold decisions to stay competitive. The case of BlackBerry demonstrates that long-term success requires not only foresight and agility but also a willingness to disrupt oneself before competitors do.

BlackBerry	
Industry	Telecommunications, software, and cybersecurity
Founded	1984
Founders	Mike Lazaridis and Douglas Fregin
Revenues	Estimated $650 million (2023, based on pivot to software and cybersecurity)
Headquarters	Waterloo, Ontario, Canada
Employees	Approximately 3,500
Main Innovation Pivots	- Introduction of secure mobile email and physical keyboards
	- Transition to cybersecurity and enterprise software
	- Acquisition of Cylance for AI-driven security solutions
	- Development of QNX software for automotive systems
Key Challenges	- Development of QNX software for automotive systems
	- Failure to adapt to touchscreen smartphones and app ecosystems
	- Market share loss to Apple and Android competitors
	- Over-reliance on enterprise users while ignoring consumer trends
	- Late transition to software and cybersecurity sectors

Fig 6.: BlackBerry: Summary

3.2. Key insights from the illustrative examples

3.2.1. Adaptability is essential

The ability to adapt to changing market conditions and technological advancements is a defining factor in a company's success during scaling. No matter how big the company gets, it needs to be able to sustain its capability to be flexible. Companies like Microsoft and Adobe thrived because they were able to pivot their core markets early when they saw the change in the market space and customer

behavior (Nadella, 2017). Spotting, capturing, and reacting to new shifts related to emerging technologies (e.g., flat screens in the case of Kodak), business models (Saas in the case of Adobe), or geography is essential for growth. For example, previously, Microsoft failed to react and adapt to the mobile transformation despite its strong market position in desktop applications. As a result, Google and Apple claimed market dominance, a situation that Microsoft was not able to reverse despite multiple attempts. On the other hand, Microsoft learned from this, and when the cloud revolution emerged, it embraced the cloud computing transformation. Similarly, Adobe successfully transitioned from the licensing desktop model to a subscription-based model with Creative Cloud.

Conversely, Kodak and BlackBerry failed to use their market dominance in analog technologies to make the pivot (Mui, 2020). They were reluctant to react fast enough to disruptive innovations like digital photography and touchscreen smartphones, allowing competitors to take the lead. Once this happens, even big companies like those were not able to catch up with the new trends.

These cases underscore the importance of recognizing and responding to industry trends in a timely and decisive manner to remain competitive (Nunes, 2011).

3.2.2. Bold leadership drives transformation

Visionary leadership plays a critical role in a company's success by setting the direction, inspiring innovation, and making bold decisions to navigate change. Leaders like Satya Nadella at Microsoft, Shantanu Narayen at Adobe, and Yvon Chouinard at Patagonia steered their companies through transformative periods, redefining their business models and fostering cultures of innovation and purpose. In contrast, Kodak and BlackBerry lacked the decisive leadership required to embrace disruptive technologies, leading to their decline. These cases highlight that strong, forward-thinking leaders are pivotal in shaping a company's ability to innovate and thrive in dynamic markets (Sull, 2015).

3.2.3. Innovation builds long-term success

Innovation is a cornerstone of long-term success, and companies must be willing to disrupt themselves before competitors do. Adobe's investment in AI-powered tools like Adobe Sensei and Patagonia's development of sustainable materials illustrate how innovation can align with business goals and customer values. On the other hand, Kodak and BlackBerry's failure to embrace emerging technologies, like digital

photography and app ecosystems, left them trailing behind (Lukas Jr, H, 2009). These cases demonstrate that companies must continuously innovate and take calculated risks to stay ahead of the curve and maintain relevance in rapidly evolving industries.

3.2.4. Customer-centric strategies build loyalty and resilience

Understanding and addressing customer needs is vital for sustained success. Companies like Microsoft and Adobe succeeded by prioritizing user-friendly designs and creating ecosystems that cater to both professional and consumer demands. Patagonia aligned its mission with its environmentally conscious customer base, building deep loyalty. In contrast, BlackBerry failed to recognize the growing consumer preference for touchscreens and apps, alienating its customer base. These examples underscore that businesses must prioritize customer-centric strategies and adapt to evolving consumer preferences to foster loyalty and long-term growth.

3.2.5. Culture shapes success

A strong, adaptable corporate culture empowers employees to innovate, align with the company's mission, and deliver exceptional results. Microsoft's shift to a growth-oriented and collaborative culture under Nadella and Patagonia's employee-centric practices, which encourage activism and sustainability, highlights the role of culture in driving innovation and engagement. Netflix's culture emphasizes "Freedom and Responsibility," hiring the best people and trusting them to act in the company's best interests. By providing context instead of rules, Netflix encourages employees to make independent decisions, take ownership of their work, and hold themselves accountable for outcomes. Radical candor fuels continual improvement, while transparent communication fosters alignment and collaboration. This light-touch approach to policy and processes is underpinned by high talent density, ensuring that everyone contributes at a high level to drive innovation and success (Hastings, 2020). Conversely, Kodak and BlackBerry's resistance to change was partly rooted in risk-averse and insular cultures, which stifled innovation and responsiveness. These cases reveal that a company's culture is a crucial determinant of its ability to execute strategies and navigate change successfully.

3.2.6. Sustainability and purpose create a competitive advantage

Purpose-driven businesses that align their operations with environmental and social values can achieve both financial success and societal impact. Patagonia's unwavering commitment to sustainability resonated with environmentally conscious

consumers, turning its mission into a competitive advantage. Similarly, Adobe's investments in ethical practices and Microsoft's sustainability initiatives enhanced their reputation and appeal to modern consumers. These cases illustrate that integrating sustainability and purpose into a business model not only attracts loyal customers but also establishes long-term relevance in an increasingly value-driven market.

3.2.7. Proactive disruption prevents obsolescence

Companies that proactively disrupt their business models are more likely to succeed in the face of industry transformations. Microsoft's pivot from reliance on Windows to cloud computing, Adobe's transition to subscription services, and Netflix's evolution from DVD rentals to streaming are prime examples of companies disrupting themselves to stay ahead. Conversely, Kodak and BlackBerry clung to their legacy products, allowing competitors to overtake them. These cases emphasize that businesses must embrace disruption as an opportunity, not a threat, to maintain relevance and longevity.

4. Practical experience

4.2. TESCAN Overview

TESCAN, headquartered in Brno, Czech Republic, is a prominent global developer and supplier of scientific instruments specializing in scanning electron microscopes (SEMs), focused ion beam workstations (FIB-SEMs), scanning transmission electron microscopes (STEMs), micro-computed tomography (micro-CT) systems. Electron microscopes are advanced instruments that use electron beams to visualize and characterize materials at nanometer and sub-nanometer scales, far surpassing traditional optical microscopes. With prices ranging from $100,000 to $3 million, they are essential in industries like semiconductors for failure analysis and quality control and life sciences for studying cellular structures and aiding drug development. In materials science, they analyze nanostructures, metals, and polymers, while in environmental science and forensics, they detect pollutants and analyze trace evidence. Their unparalleled precision and versatility make them vital for research, innovation, and quality assurance across diverse fields.

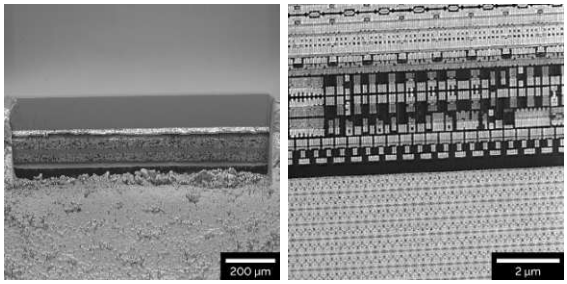
(a)  (b) 

Fig. 7: (a) TESCAN high-resolution electron microscope, (b) cross-section of the semiconductor chip

4.3. Founding period and early growth (1991-2000)

It was established in 1991, just after the “Velvet Revolution” and the fall of communism, by a group of five R&D engineers from the state enterprise TESLA Brno, headed by the CEO Jaroslav Klima. TESCAN initially focused on manufacturing programmable control units and digitizers for older analog scanning electron microscopes. The company's name is derived from "TESLA" and "SCANNING," reflecting its origins and focus (Pool, 2023).

In its early years, TESCAN developed the Tescan Image Processor (TIP). This analog-to-digital converter allowed images from electron microscopes to be displayed on digital monitors, stored, and further processed. This innovation marked the company's first official product and laid the foundation for future developments. In 1996, TESCAN introduced its first compact, fully PC-controlled scanning electron microscope, the PROXIMA. This was followed by the launch of the VEGA SEM in 2000, which featured a built-in remote control and variable pressure capabilities. The VEGA series became emblematic of TESCAN's commitment to innovation and quality.

From the organizational perspective, the company grew from a small “garage-type” company of 5 people to a small company with approximately 30 people. The main functions have been established (like R&D, Sales, etc.), but most of the work has been done collectively. Not many formal processes, except the accounting and ordering processes, were implemented at the time. The CEO solely carried out all the decisions.

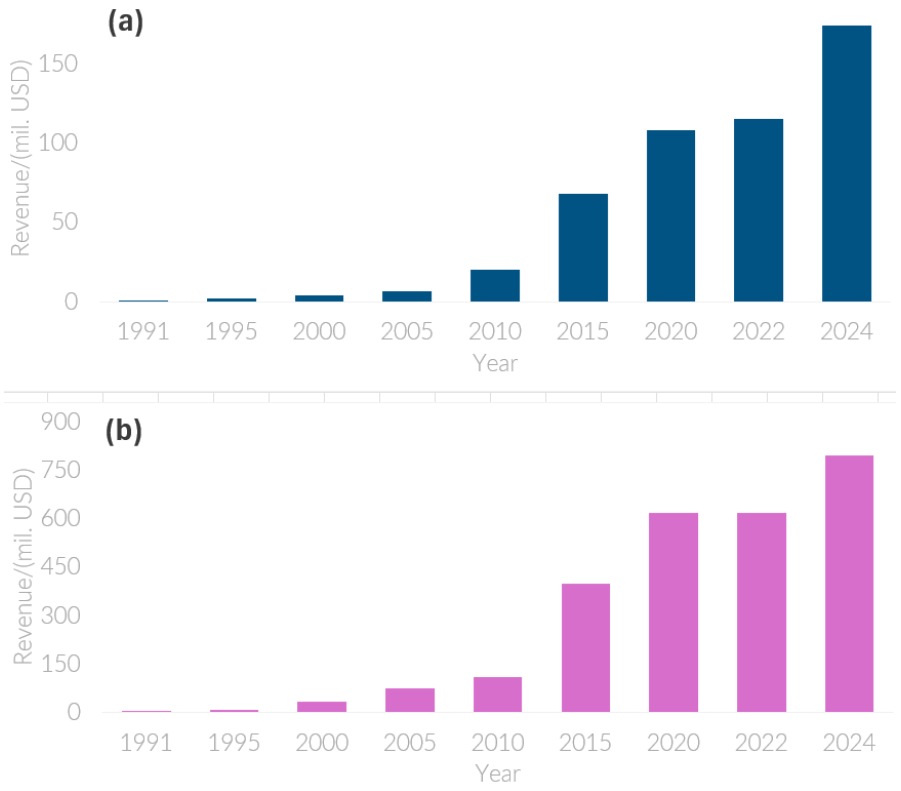


Fig. 8: TESCAN revenue (a), and number of employees (b).

4.4. Rapid expansion (2000-2013)

The company continued to expand its product line with the introduction of the MIRA series in 2005, featuring the first Schottky field emission gun for high-resolution imaging, which was a big step towards high-end microscopy products. In 2007, TESCAN launched the LYRA FIB-SEM, combining focused ion beam technology with scanning electron microscopy, catering to the growing demand for advanced material characterization tools, a key tool for semiconductor quality control. Over this period, TESCAN has established a strong global presence, with multiple subsidiaries and distributors worldwide. The growing demand and, therefore, revenues from the semiconductor industry led the original TESCAN company to merge with the French firm ORSAY PHYSICS to form a larger European entity called TESCAN ORSAY HOLDING. This merger dramatically enhanced the capabilities of the company in customized focused ion beam and electron beam technology. It also created a size that was necessary when the company deals with large semiconductor accounts, like TSMC or ASML. From the organizational perspective, the number of employees increased 8-fold to roughly 400 people. Further specialization led to the creation of new functions such as marketing, demo centers, and sales management teams.

4.5. Continuing growth and international expansion (2013-2020)

The company continued to expand its product line with the introduction of plasma FIB-SEM systems, entering the semiconductor industry strongly. By 2019, TESCAN had launched new SEM and FIB-SEM models based on the S8000 and S9000 platforms, equipped with advanced technologies like the field-free ultra-high-resolution BrightBeam™ SEM column and the Triglav™ UHR SEM technology. These developments underscored TESCAN's commitment to providing cutting-edge solutions for nanoscale investigation and analysis. The company further expanded its portfolio and capabilities by acquiring the micro-CT company XRE from Ghent, Belgium, establishing TESCAN XRE, and acquiring the 3DIM company to enhance 3D software development. In 2022, TESCAN introduced its first dedicated scanning transmission electron microscope (STEM), the TENSOR, demonstrating its continued leadership in advanced microscopy solutions. Over those years, the main focus of the management and the company was to develop new, competitive products and take more market share.

As the holding structure grew, there was a need to bring experienced managers into the company. Therefore, the official board of directors and managerial structure was created with multiple people coming from larger corporations. However, the decision process was still heavily impacted by the CEO, who stayed the same.

4.6. Slow down and facing internal challenges (2020-2022)

After the rapid and stable growth over the past 20 years, TESCAN's growth slightly slowed down despite maintaining technological advantages and product quality. The reduced pace (which was still in double-digit values, yet decreased) and underlying reasons have become more evident during the COVID-19 pandemic. The underlying issue has been identified as a natural state of the entire organization, which has reached the threshold of a large SME. The organizational and operational principles that facilitated the company's growth up to this point have now become constraints to further scaling effectively.

4.7. Rebirth to large enterprise (2022-now)

In 2022, global investment firm Carlyle announced its intention to acquire a majority stake in TESCAN, aiming to support the company's further growth and expansion in the scientific instrumentation market. This era brought many structural and

organizational changes within the company, but clearly, the change brought a massive positive impact on the growth after the transformation.

4.8. TESCAN challenges prohibiting further expansion

In this thesis, I would like to focus on some of the elements that were identified as problematic and the solutions that have been implemented to overcome them.

The new management team initiated a precise analysis of the reasons that slowed down the original growth. It began with a very sophisticated, top-down review process, collecting and analyzing data from all functions and operations (i.e. sales, processes, organization, production) of the company to identify all potential gaps against industry standards and competition.

At the same time, a similar analysis was started bottom-up. All senior and mid-level managers and people within the factory were asked to provide their views and opinions on various aspects of the company function (e.g., policies, processes, the role of leadership, pay, working conditions, etc.), but notably also on cultural behavior (e.g., sense of accomplishment, appreciation, learning, and development).

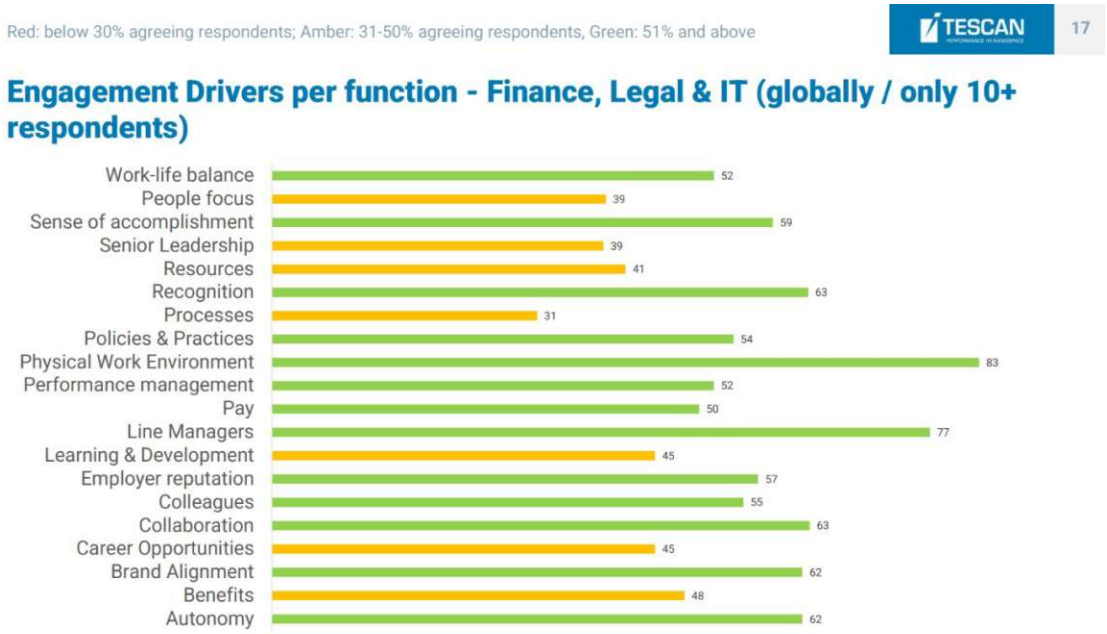


Fig. 8: Sample engagement survey with employees and the respective areas for improvement.

The process also involved in-depth interviews conducted by external companies with managers and employees to uncover the underlying issues and inefficiencies. This investigative effort revealed key areas requiring immediate attention, spanning

market alignment, process scalability, leadership development, talent acquisition, interdepartmental communication, staff role transitions, and structured product development. Each function (such as production, HR, and R&D) has been interviewed independently. The final results showed differences between the various parts of the organization but with several common areas.

The following paragraphs describe my takeaways from the analysis of the situation related to the subject of this study.

4.8.1. Overemphasis on R&D without deep market analysis

TESCAN's heavy emphasis on technological innovation has often overshadowed the importance of deep market research, leading to products that, while sophisticated, did not always align perfectly with specific customer needs and market timing. This imbalance stems from the company's founding culture, which is intensely focused on engineering excellence and cutting-edge product design. Although this focus established TESCAN's reputation for robust technological capabilities, it also created a gap in commercial strategy and product positioning. Without systematically validating market demands, the organization occasionally funneled resources into features that lacked broad customer appeal, slowing revenue generation and ROI. As a result, it is necessary to merge its innovation-driven approach with more comprehensive market data and customer feedback to strengthen product–market fit.

4.8.2. Missing structured processes for product development

Alongside operational and organizational challenges, TESCAN also lacked a systematic framework for product development. Without a unified process, from concept exploration and design validation to release planning, misalignment often occurs between R&D, product management, and sales. Teams sometimes pursued promising technology features that did not align with core market requirements or the timing of product launches. This lack of structure also made it harder to track project progress, manage resources effectively, and solicit timely feedback from stakeholders, both internal and external. Establishing a structured product development pipeline, including clearly defined milestones, review gates, and cross-functional checkpoints, would reduce redundancy, improve collaboration, and ensure that final products are both technologically advanced and commercially viable.

4.8.3. Not scaling processes during rapid growth periods

As TESCAN broadened its product range and global footprint, its operational processes in manufacturing, quality control, and project management struggled to keep pace with escalating complexity. Early in the company's life, informal workflows and personal networks were sufficient for a minor team. However, once the portfolio expanded and customer orders multiplied, these ad-hoc methods led to production bottlenecks and lapses in quality assurance. Employees juggling multiple roles found themselves stretched thin, and communication gaps grew larger, further hampering timely delivery. This situation underlined the urgency of establishing standardized and scalable frameworks, such as formal project management practices, clear documentation protocols, and advanced resource planning. By doing so, TESCAN could enhance consistency, streamline productivity, and maintain customer satisfaction during a period of intense growth.

Another challenge that emerged right after TESCAN implemented structured processes was the phenomenon of early *process paralysis*. While the introduction of formal procedures initially aimed to address inefficiencies and foster consistency, over time, employees began to overly rely on these processes, even when they were incomplete or not fully optimized. This overdependence led to delays and rigidity, as teams prioritized adherence to procedure over flexibility and critical thinking. In some cases, employees hesitated to take the initiative or make decisions outside predefined workflows, fearing misalignment or procedural errors. This reliance on underdeveloped processes not only slowed down project timelines but also stifled innovation as the organization struggled to strike a balance between structured operations and the agility needed for problem-solving and rapid adaptation. To overcome this challenge, it became clear that processes needed to be continuously reviewed and matured, with clear guidelines for when and how to deviate from established workflows when circumstances demanded it.

4.8.4. Insufficient people development and managerial structure

While TESCAN evolved from a small engineering startup into a global enterprise, it did not develop managerial layers and leadership training at the same pace. Leadership became overly centralized in the hands of a few executives, creating bottlenecks and limiting the distribution of decision-making authority. Employees aspiring to move into leadership roles often had no structured paths for career progression or professional skill development, leading to stagnation and potential

disengagement. Moreover, this leadership gap made it challenging to sustain momentum on strategic initiatives, as critical decisions sometimes stalled at higher levels. A robust managerial structure, supported by coaching, mentoring, and formal training, is crucial to fostering leadership continuity and empowering teams to take ownership of projects and outcomes. In reality, TESCAN did not train people in any “soft skills” and managerial disciplines.

4.8.5. Underinvestment in new talent acquisition

Driven by consistent success in R&D and a preference for maintaining a lean structure, TESCAN was slow to recruit external experts in areas such as sales, marketing, operations, and supply chain management. While in-house engineering prowess remained a key strength, the absence of external hires limited the infusion of diverse perspectives and specialized skills crucial for scaling. Gaps in market analysis, global expansion strategy, and process optimization became more pronounced, and internal teams lacked the depth of knowledge to tackle new challenges effectively. Overcoming this inertia required a deliberate shift in hiring philosophy, actively seeking out professionals with industry-specific expertise and a track record of implementing best practices. By doing so, TESCAN could address functional blind spots, drive innovation, and build more robust market outreach strategies.

4.8.6. Siloed organization

As TESCAN added product lines and expanded globally, internal coordination challenges led to departmental silos. Because many functions were created from scratch and sequentially to a functioning company, each of them made a sort of small “organization in the organization”. They started to work toward their objectives with limited cross-functional planning or shared KPIs. This fragmentation hampered knowledge transfer, delayed product launches, and caused inconsistencies in customer messaging. It also increased the risk of redundant efforts or misaligned priorities, particularly when teams did not have clarity about overarching corporate goals. Breaking down these silos involves introducing collaborative platforms, clarifying company-wide targets, and fostering a culture of transparency and inter-departmental respect. By aligning functional objectives under a unifying strategic vision, TESCAN can amplify collective efforts and streamline innovation cycles.

4.8.7. Moving employees to new roles without training

In an effort to remain agile, TESCAN often reassigned employees to new domains without adequate skill-building or formal training. Typical examples were moving skilled and successful people from technical roles and R&D into the latest roles in product marketing sales or taking senior managerial functions within the company. Often, these changes were not supported by adequate staff training. While this approach can quickly address staffing gaps, it places significant pressure on employees who may feel underprepared for their new responsibilities. The resulting learning curve can prolong project timelines and impact deliverables, while increased stress and potential missteps undermine confidence and morale. Moreover, the teams receiving reassigned staff are forced to spend additional time onboarding and mentoring new arrivals, which can disrupt established workflows. To mitigate these risks, TESCAN needs structured retraining initiatives, mentorship programs, and ongoing professional development opportunities, ensuring that employees can adapt smoothly and excel in their evolving roles.

5. Overcoming SME growing challenges

5.2. Findings from literature, illustrative examples, and practice analysis

The challenges faced by TESCAN during its growth provide valuable insights into the critical elements required for companies to scale successfully and maintain long-term sustainability. These elements include structured organizational processes**,** effective people engagement**,** a collaborative and aligned company culture**,** clear goal alignment across all levels**, and** the pivotal role of leadership in driving transformation. Together, they highlight the importance of building robust frameworks and fostering an environment that supports growth and innovation.

5.2.1. Aligning overall strategy and company goals

A shared strategic vision, cascading from top management down to line managers, is essential for maintaining organizational focus, efficiency, and coherence in decision-making. When every level of the company is aligned on key objectives, departments and teams can more effectively coordinate their efforts and avoid working in conflicting directions. TESCAN's initial overemphasis on R&D without extensive market validation illustrates how misaligned priorities can lead to products that, while technologically sophisticated, fall short of meeting the real-world needs of

customers. This gap can ultimately stunt growth and erode market competitiveness. There were examples, such as the TESCAN Indusem product, which consumed a lot of development but did not find a real market audience. In contrast, companies like Adobe and Microsoft exemplify how clearly articulated and well-communicated corporate goals help teams strike a balance between technological innovation and commercial viability. By ensuring that functional areas, ranging from R&D to marketing and operations, understand precisely how their responsibilities fit into the company's broader direction, resources can be allocated more efficiently, redundant efforts minimized, and projects streamlined. This clarity also fosters a culture of accountability and shared purpose, as employees see a direct line between their contributions and the company's overarching mission. The result is not only a tighter alignment of day-to-day operations with strategic objectives but also an enhanced capacity to respond effectively to shifts in market conditions and technology trends.

5.2.2. The role of organization and processes

Scaling a company requires well-structured organizational processes to manage increasing complexity, as informal workflows that suffice for a small team can quickly become bottlenecks in a rapidly expanding enterprise. TESCAN's experience illustrates how ad-hoc methods in manufacturing, quality control, and project management may initially be effective when demand is limited but eventually lead to production delays, inconsistent product quality, and coordination breakdowns once orders multiply. Without a standardized framework for product development, R&D teams risk working in isolation from sales, causing time-to-market to lag and products to reach customers without the necessary market validation. Companies like Microsoft and Adobe show investing in formal processes with clearly defined roles, meticulous project management structures, and robust stage-gate systems. Such processes provide a foundation for stable growth. By committing to these frameworks, organizations can ensure that new products undergo consistent quality checks, teams communicate more transparently, and knowledge transfer occurs seamlessly across departments. Standardizing processes also allows for better resource allocation, making it easier to identify capacity constraints, schedule retraining programs for staff, and maintain high service levels even as the customer base diversifies. In addition, refined processes serve as a roadmap for continuous improvement, enabling the company to adapt and scale without sacrificing agility or innovation. Ultimately, the benefits of this approach extend beyond operational efficiency, fostering a culture of

accountability and collaboration that positions a growing enterprise to remain competitive and responsive to market demands.

5.2.3. People engagement and company culture

Engaging and developing employees is foundational to sustainable growth and innovation because well-trained, motivated individuals are more likely to drive the organization forward. In TESCAN's case, the difficulties in establishing transparent leadership layers and providing structured career paths highlight how a lack of focus on professional development can impede both employee satisfaction and organizational progress (Pfeffer, 1999). When employees are placed in new roles or departments without appropriate training, they may feel overwhelmed, undervalued, or ill-equipped to succeed, ultimately leading to dips in morale, productivity, and long-term retention. Conversely, organizations such as Patagonia and Microsoft provide compelling examples of how investing in mentoring, leadership programs, and employee-driven initiatives fosters a sense of purpose and ownership. These environments often include frequent feedback loops, performance reviews, and opportunities for continuous skill-building, whether through formal coursework, internal workshops, or collaborative projects that allow teams to learn from one another. By treating every role transition as a chance for structured growth rather than a stopgap measure, these companies create a culture where individuals feel valued, supported, and aligned with overarching business objectives. This approach not only helps employees excel in their current responsibilities but also primes them to generate fresh ideas and take on future leadership opportunities, fueling a virtuous cycle of engagement, innovation, and sustained competitive advantage.

5.2.4. Fostering collaboration and breaking silos

A siloed organization can significantly undermine efficiency and hinder cross-functional innovation as different departments become isolated in their priorities, goals, and communication channels. For TESCAN, this departmental fragmentation became particularly evident during its expansion, when previously effective informal networks were insufficient to handle increasing complexity. The resulting gaps led not only to delayed product launches because production and sales teams were not fully aligned on timelines and resource allocations but also to inconsistencies in the way the company communicated value propositions to customers. These issues highlight how silos can reduce agility, make it harder to coordinate tasks, and ultimately dilute brand messaging (González-Benito, 2016).

To break down these barriers, companies must implement practices that promote transparency, align teams under shared KPIs, and create platforms for regular cross-department communication. This can include establishing cross-functional project teams, setting up collaborative workspaces (both digital and physical), and holding joint review sessions where each department contributes to product development milestones. Companies like Adobe and Microsoft exemplify how strategic collaboration, facilitated by technology tools and cultural initiatives, accelerates innovation cycles and ensures that every function, from R&D to marketing, works cohesively toward shared objectives. Such an approach not only improves operational efficiency by reducing redundant efforts and duplicated resources but also strengthens the company's ability to respond swiftly to changing market conditions. By uniting diverse skill sets and perspectives, organizations can foster a more holistic problem-solving process that drives creativity, adaptability, and sustained growth.

5.2.5. The role of leaders and senior management

Leadership plays a pivotal role in navigating organizational challenges and driving sustainable growth, as it shapes the strategic vision and orchestrates the various elements that keep a company cohesive and forward-thinking (Barsch, 2008). In the case of TESCAN, the reliance on a centralized decision-making model underscored the inherent risks of concentrating authority in the hands of a few top executives, especially when product lines and markets expand. Such a structure can lead to bottlenecks, slow the flow of critical information, and discourage emerging leaders from stepping up with innovative ideas or solutions. By contrast, companies like Microsoft, under the guidance of Satya Nadella, illustrate how distributing decision-making authority and empowering middle managers can foster agility and resilience. These empowered leaders become catalysts for change within their teams, driving localized improvements that collectively contribute to overall company success.

Effective leadership is not merely about setting lofty goals; it also involves modeling the desired culture and values daily, providing employees with a tangible reference for expected behaviors. Leaders who actively champion structured initiatives, whether in process standardization, talent development, or cross-functional collaboration, demonstrate their commitment to the organization's evolution. This approach encourages buy-in at all levels and ensures that improvements are systematically embedded into the company's operations. By engaging employees with a clear vision and facilitating open communication channels, leaders create a sense of ownership

and shared purpose, which is crucial for maintaining motivation and alignment amidst market shifts. Ultimately, such leadership practices enable companies to adapt swiftly to new challenges while remaining faithful to their long-term strategic goals, ensuring that growth is both ambitious and sustainable.

5.2.6. Role of CEOs in driving success

The CEO plays a pivotal role in steering a company through the challenges of growth and ensuring its long-term success, acting as both a strategic architect and cultural steward. By setting a clear vision that aligns the entire organization (from senior management to line-level employees) around shared objectives, the CEO establishes a unified direction, preventing silos and misaligned efforts. In addition to formulating strategy, CEOs must model the values and behaviors they wish to see across the company, thereby embedding a culture that supports collaboration, accountability, and innovation (Gaines-Ross, 2000). At TESCAN, the limitations of centralized decision-making highlighted how a CEO's willingness to delegate authority and empower emerging leaders can unleash new levels of agility and creativity. This approach is exemplified by transformative leaders like Satya Nadella at Microsoft, who championed cross-functional integration and cultural shifts that encouraged employees to take initiative, break down silos, and pursue bold ideas. Similarly, Yvon Chouinard at Patagonia demonstrated how a CEO can weave a company's mission into every facet of operations, aligning purpose with profitability and inspiring a workforce dedicated to a more significant cause. Beyond establishing vision and culture, CEOs must actively champion structured initiatives such as process optimization, leadership development, and performance tracking, ensuring the organization's capacity to scale without sacrificing quality or cohesion. By acting as both visionary and catalyst for change, CEOs help organizations remain competitive in a dynamic market while also fostering a sense of shared ownership among employees. For TESCAN, strengthening the CEO's role as a unifying force can address existing bottlenecks, instill confidence across teams, and create a fertile ground for sustained growth, innovation, and relevance in the ever-evolving business landscape..

5.2.7. Sustaining innovation practices

Sustaining innovation is critical for companies like TESCAN, which must continually evolve to remain competitive in rapidly shifting markets. While TESCAN's engineering-driven culture fostered technical excellence, it also revealed gaps in

market alignment when new product features were not thoroughly validated against customer needs. Companies that maintain robust innovation over time, such as Adobe and Microsoft, implement systematic feedback loops (leveraging data, customer insights, and cross-functional collaboration) to refine their offerings and anticipate market trends continuously. For TESCAN, this entails establishing structured research and development processes linked to commercial strategy, ensuring that product concepts are backed by solid market analysis and a well-defined go-to-market plan. Moreover, encouraging open communication between departments, from R&D to sales, helps capture a diverse range of perspectives and fosters a pipeline of ideas that directly address customer pain points. By embedding innovation into the company culture, reinforcing it through formal product development frameworks, and pairing technological advances with clear commercial objectives, TESCAN can enhance its ability to produce meaningful, market-ready innovations.

5.3. Validation of the hypothesis

Reinventing an SME or a larger company is not a quick fix but rather a holistic endeavor that permeates every aspect of the organization, from its strategic objectives down to day-to-day operations and employee mindsets. It begins with a clear strategic vision informed by in-depth market research, customer insights, and competitive analysis, ensuring that products and services align with real-world demand and evolving industry trends. A successful reinvention then depends on leadership's unwavering commitment to championing the cultural and operational shifts necessary for staying relevant in a rapidly changing environment. This involves recalibrating key processes to be more agile, streamlining production, refining quality control, and implementing rigorous project management systems. At the same time, they are also cultivating a culture of continuous innovation where employees feel encouraged to propose, test, and refine bold ideas.

Moreover, empowering people through targeted training, mentoring, and professional development initiatives ensures that the workforce remains adaptable and capable of executing new strategies effectively. Equally crucial is the prudent allocation of both financial and human resources, guided by data-driven performance metrics that highlight where the greatest returns on investment can be found, and supported by a readiness to reallocate funds or restructure teams as fresh opportunities or obstacles arise. Strategic alliances, partnerships, and open

innovation can further enhance the reinvention process, expanding market reach and injecting external expertise or perspectives that spark additional growth and creativity.

Ultimately, organizations that stay rooted in their core values, yet maintain flexibility in how they operationalize those values tend to regain competitiveness more quickly and attract talent looking for purpose-driven work. By establishing consistent monitoring mechanisms, using regular feedback loops to refine strategies, and fostering an organizational ethos of perpetual improvement, reinvention becomes an ongoing journey rather than a one-time overhaul. This continuous approach enables both SMEs and larger enterprises to thrive amidst constant shifts in technology, consumer behavior, and global market conditions, ensuring a more resilient and future-ready business.

5.4. Practical implications for SME leaders

The practical implications for SME leaders emphasize adaptability, structured growth, effective resource management, and a clear focus on people and processes. In a dynamic market, adopting an agile strategic mindset is essential for anticipating shifts in consumer preferences, emerging technologies, and competitor movements. Leaders should regularly review and refine their business strategies through market intelligence (such as surveys, focus groups, and analytics) to ensure that new products or services match genuine customer needs before committing substantial resources. Moreover, as SMEs grow, informal processes and ad-hoc methods that once sufficed can quickly become liabilities, leading to bottlenecks and confusion. To avoid this, leaders must implement structured workflows, standard operating procedures, and project management tools, ensuring that responsibilities are clearly defined and that quality and consistency are maintained at scale.

In tandem with process formalization, prioritizing leadership development and delegation helps prevent decision-making bottlenecks and cultivates a bench of emerging leaders capable of steering different facets of the business. By investing in training programs, clear career progression paths, and mentorship initiatives, SMEs not only empower employees but also build resilience for times of rapid change or market turbulence. Additionally, fostering a culture of continuous innovation is critical to staying competitive in today's fast-paced environment. Leaders can encourage this by facilitating cross-functional collaboration, introducing structured brainstorming sessions, and maintaining open channels for employees to share and refine new ideas. Because SMEs typically rely on lean teams where every contribution matters,

employee engagement and retention become pivotal: providing professional development opportunities, celebrating achievements, and fostering transparent communication can boost morale and instill a long-term sense of loyalty.

At the same time, financial discipline with flexibility is vital for sustainable growth, as SMEs often have limited capital reserves. Making data-driven decisions, staying vigilant with cash flow management, and maintaining contingency plans allow organizations to seize opportunities without jeopardizing their financial stability. In parallel, leveraging strategic partnerships and external expertise can accelerate access to new markets, niche knowledge, or specialized resources that would otherwise be expensive or time-consuming to develop in-house. Breaking down operational silos early by setting shared KPIs, encouraging cross-departmental projects, and aligning teams under common objectives further streamlines workflows and prevents the duplication of efforts that can sap productivity. Finally, leaders must embrace continuous improvement as an ongoing practice rather than a one-time initiative. Revisiting performance metrics and gathering customer feedback allows SMEs to adapt their strategies and structures in real-time, reinforcing their ability to thrive in an evolving marketplace. By integrating strategic agility and process formalization to leadership cultivation and collaborative innovation, SME leaders can successfully navigate the complexities of scaling, enhance their resilience, and establish a strong foundation for long-term success.

6. Recommendations

6.2. Framework for reinventing SMEs

The following paragraphs of the thesis aim to provide a more practical framework based on my findings and approximately 10 years of managerial experience inside TESCAN during the transition period. I merely focus on the cultural and process aspects rather than on the actual product performance or new business expansion. Practical examples that we have used are shown in the inserted boxes.

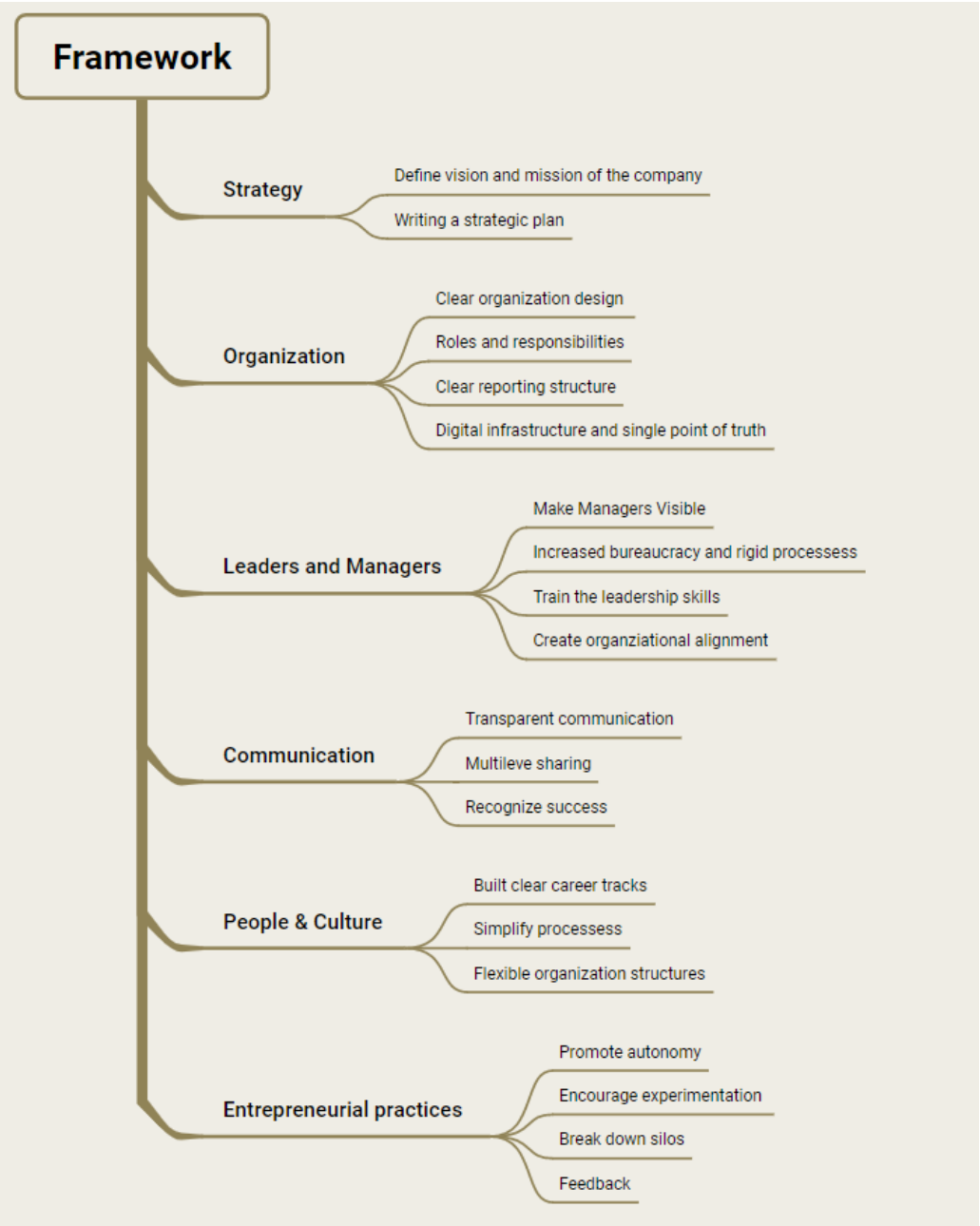


Fig. 9: Overview framework for SME transformation guidance

6.2.1. Setup a high level strategy and direction

A strategic plan is essential for any company as it provides a clear roadmap for achieving long-term goals and sustaining growth. It aligns organizational efforts, resources, and decision-making with a defined vision, ensuring that all teams work toward common objectives. A well-crafted strategic plan helps businesses anticipate market trends, respond to challenges, and capitalize on opportunities, enabling them to remain competitive and adaptable. Moreover, it guides leadership in prioritizing initiatives, allocating resources efficiently, and measuring progress, ultimately driving the company toward sustained success and relevance in a dynamic business environment.

6.2.2. Setup a clear organizational design

Organizational design plays a critical role in ensuring that companies operate efficiently and adapt effectively to changing environments. A **well-structured organization** fosters clear communication, streamlined workflows, and alignment between teams and business objectives. Flat or hybrid organizational structures, which reduce unnecessary layers of hierarchy, promote agility by empowering employees to make decisions closer to the point of action.

Practical Advice: Create and publish clear organizational design

In TESCAN, we adopted a **matrix organization** structure characterized by solid and dotted managerial lines. The solid vertical lines symbolize the business units, which are responsible for all aspects of the product success, including technical sales, research and development (R&D), and production, and, at the end, a P/L of each product.
The horizontal, dotted lines represent the functional organizations like Sales, Production, Sales, and Marketing, which are shared across all business units. The functional leadership focuses on shared practices and development of each function and serve as the ultimate support for the business unit success.
This two-axis setup allows us to drive the organization to improve business performance, while improving the shared processes and efficient resources with each function across the whole company.
The organization chart is published and visible to all employees in the company.

Regardless of the organization's design selected by the management, it is imperative that each individual in the company must have a clear description of the **roles and responsibilities** they are expected to perform. This clarity must begin at the top of the organization and extend through the ranks to all employees. Similarly, a clear reporting structure is necessary, so everyone knows who their line manager

is. The organizational chart should be presented in the company information system and accessible at any moment.

Cross-functional teams and project-based frameworks encourage collaboration and the sharing of diverse perspectives, fueling innovation and problem-solving. Forming such teams is critical for successful management and execution of projects, product development and ad hoc problems. As the complexity of many projects rises, it requires experts from multiple domains. Successful company needs to be able to dynamically create project or focus teams, while managing the load on people and minimizing the overheads and multitasking. Organizational design should also be dynamic, allowing the structure to evolve as the business grows or market conditions shift. Integrating tools and technologies that enhance connectivity and process management further strengthens the ability to adapt.

Practical Advice: Use digital tools for team and goal alignment

To maintain alignment and foster cross-departmental collaboration, we employ a centralized project management tool, serving as a unified platform to track progress, share updates, and integrate efforts across all teams (e.g. MS Project, or JIRA). However, each team within the company utilizes its task management tool tailored to their specific workflows, ensuring that tasks are handled efficiently at the team level (paper, table, Tasks, Redmine). The data are digitally migrated to the centralized tool and visualized in many dashboards in PowerBI. This dual-layered system is underpinned by robust data measurement practices, enabling us to analyze performance, identify bottlenecks, and continuously improve processes through informed decision-making.

By thoughtfully designing their organizational framework, companies create an environment that supports innovation, responsiveness, and sustained growth. Adapting a new leadership mindset is critical to driving transformation and fostering an entrepreneurial culture.

6.2.3. Make senior management visible

Strong leadership and managerial visibility are essential for fostering trust, alignment, and motivation within an organization, serving as a cornerstone for long-term success.

Leaders who are accessible and actively engaged with their teams not only create a sense of transparency but also promote inclusivity by ensuring that employees at all levels feel valued and heard. This approach encourages open communication,

where employees are more comfortable sharing ideas, challenges, and feedback, ultimately driving innovation and improvement.

Visible managers play a crucial role in bridging the gap between strategic objectives and day-to-day operations by consistently communicating goals, expectations, and progress. This clarity ensures alignment across departments, helping teams stay focused and united in achieving organizational priorities.

In addition to setting direction, **leaders serve as role models** by embodying the behaviors, ethics, and values that the organization upholds. Their actions reinforce a cohesive culture where employees understand what is expected of them and feel inspired to contribute their best. Strong leadership also requires decisiveness, particularly in challenging situations where swift, informed decisions can have a significant impact. Emotional intelligence is another key trait, enabling leaders to empathize with employees, manage conflicts effectively, and maintain a supportive environment, even in periods of uncertainty or change.

Practical Advice: Stimulating 1:1 conversations across organization

We found 1:1 meetings to be a very efficient way to communicate the strategy and items from the top down. In these meetings, each manager can influence his subordinates, delegate critical tasks, and disperse the strategic views of upper management. It is also an ideal approach for displaying the “lead by example” approaches.
It is also essential to hold 1:1 meetings with the key members of functional organizations (e.g. peers) to drive joint initiatives.

Approachability and presence are equally vital components of effective leadership. By being available and attentive, leaders can identify potential issues early, address them proactively, and provide timely guidance to keep teams on track. This level of engagement fosters trust and ensures that employees feel supported in their roles. Moreover, visible leadership enhances morale by demonstrating a commitment to the workforce, motivating employees to stay engaged and perform at their highest potential.

Ultimately, strong leadership and managerial visibility create an environment where employees have confidence in the organization’s direction and a clear understanding of how their contributions drive success.

6.2.4. Create organizational alignment

Rebranding and aligning the organization's identity with its culture is essential for establishing a cohesive and recognizable image that resonates with both internal and external stakeholders. This alignment ensures that the company's external perception accurately reflects its evolving entrepreneurial identity, emphasizing innovation, adaptability, and forward-thinking values. A strong, unified brand not only attracts customers and partners but also reinforces a sense of pride and belonging among employees, creating a powerful connection between the company's culture and its public persona.

Internal communication plays a pivotal role in achieving this alignment by ensuring that employees at all levels understand the organization's vision, goals, and strategic objectives. When employees are aware of how their roles contribute to the broader mission, they are more likely to feel engaged and motivated to perform at their best.

Practical Advice: Share the strategy

- Quarterly *town hall meetings*, hosted from different locations, bring the entire company together to promote inclusivity and connection.
- Monthly *team meetings* foster regular communication within teams, allowing for discussions on progress, challenges, and alignment with broader organizational goals.
- An *internal newsletter* reiterates and centralizes key updates, announcements, and achievements to ensure consistent communication.
- A *managerial cascade of information* allows leaders to share critical messages with their teams, ensuring alignment with company-wide goals while contextualizing information for specific teams.

Transparent communication about growth plans, successes, and challenges builds trust and fosters a sense of inclusivity, making employees feel like active participants in the company's journey. This openness also creates an environment where feedback is encouraged, enabling the organization to refine its approach and maintain continuous alignment with its vision.

Practical Advice: Cascade the information often via multiple channels

- Quarterly *town hall meetings*, hosted from different locations, bring the entire company together to promote inclusivity and connection.
- Monthly *team meetings* foster regular communication within teams, allowing for discussions on progress, challenges, and alignment with broader organizational goals.
- An *internal newsletter* reiterates and centralizes key updates, announcements, and achievements to ensure consistent communication.
- A *managerial cascade of information* allows leaders to share critical messages with their teams, ensuring alignment with company-wide goals while contextualizing information for specific teams.

Furthermore, **celebrating milestones** whether the successful completion of a significant project, reaching a financial target, or achieving a company-wide innovation goal, plays a vital role in reinforcing alignment. Publicly acknowledging these achievements boosts morale, fosters a shared sense of accomplishment, and strengthens the collective commitment to progress toward the company's vision.

Fig. 10: Success celebration with the team lunch

Ultimately, creating organizational alignment through rebranding, clear communication, and workforce development ensures that the company operates as a unified entity. This alignment not only drives internal cohesion but also positions the organization as a credible and innovative player in the marketplace, capable of adapting to changing demands while staying true to its core values.

6.2.5. Engage employees and stimulate motivation

Employee engagement and motivation are the cornerstones of a thriving organization, directly impacting productivity, innovation, and overall organizational success. Engaging employees requires intentional strategies that empower them to

contribute meaningfully while aligning their personal goals with the company's objectives.

Fostering leadership that inspires is a key element in this process, as leaders who act as mentors encourage, guide, and support their teams through challenges and opportunities. Inspirational leadership goes beyond managing tasks; it builds trust, drives commitment, and cultivates a positive work culture where employees feel valued and motivated to excel.

Managers must align with the overall strategy and support the organizational design, goals, and vision. They should share the company's core values and goals and adhere to the cultural standards set by executive management. Achieving this alignment requires personnel changes during the transformation period and finding the best talent for a particular role rather than modifying the company to a specific person. If managers who are not aligned remain in the organization, there is a greater chance of failure.

Leadership development programs are essential for equipping leaders with the skills needed to manage growth, lead change effectively, and think strategically in today's competitive and fast-paced environment. These programs provide leaders with tools to inspire their teams, make informed decisions, and adapt to evolving circumstances, ensuring that employees remain engaged even during periods of uncertainty or transformation.

Practical Advice: Providing training to all managers

We have implemented a systematic, unified training program for all managers across the company, focusing on the key aspects of managerial roles, including project management practices, people management, and decision-making skills.
The program is designed not only to enhance managerial competencies but also to align managers with the company's goals, mission, and vision.
The lecturers, well-versed in the organization's strategic objectives, act as an additional channel to communicate and reinforce the company's direction, ensuring that managers are equipped to lead their teams effectively while staying aligned with the broader organizational strategy and culture.

Adopting a **growth mindset** across the organization is equally crucial. This mindset fosters resilience and encourages both employees and leaders to view challenges as opportunities for learning and improvement rather than as setbacks. It helps create a culture of continuous improvement and adaptability, which is essential for long-term success.

Involving employees in strategy creation and decision-making is a powerful way to enhance engagement and motivation. Actively engaging employees in shaping company strategies fosters a stronger sense of ownership and accountability, driving increased commitment and alignment with organizational goals. To ensure this approach is practical, senior management must prioritize involving mid-level managers in the development of strategies, processes, and policies. This inclusion not only strengthens their connection to the company's objectives but also empowers them to act as conduits of the strategy, fostering alignment and buy-in across their teams.

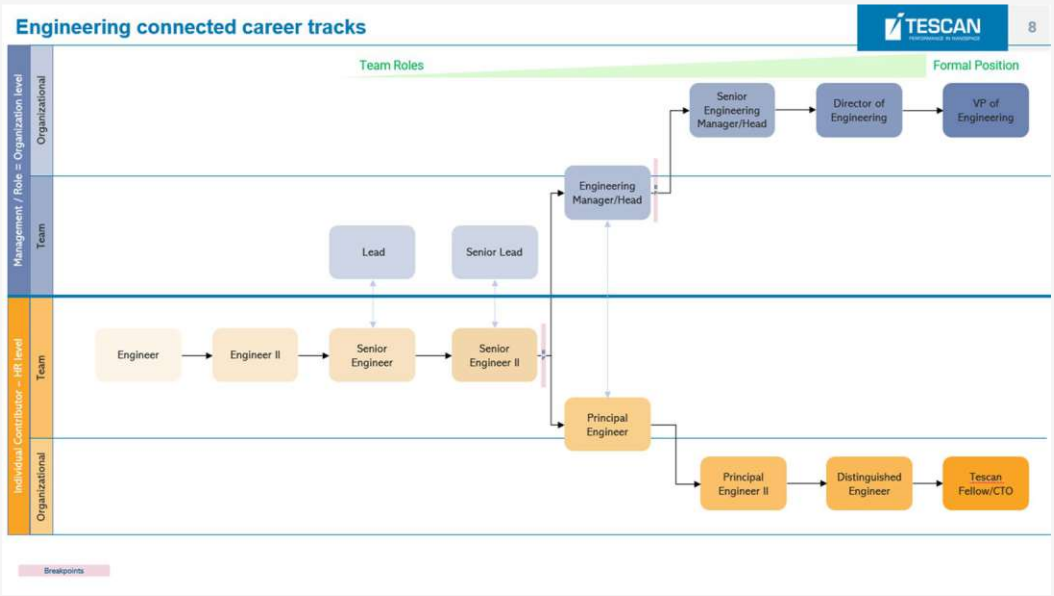
Practical Advice: Organizing regular workshops

We use workshops as an effective tool for involving employees in strategy creation, process development, goal setting, and budget planning. By actively participating in these collaborative sessions, employees gain a deeper understanding of organizational priorities and contribute their insights to shaping key decisions.
This approach fosters a sense of ownership and ensures greater buy-in, as employees feel their perspectives are valued and impactful.
Workshops also create opportunities for cross-functional collaboration, aligning teams around shared objectives and reinforcing a collective commitment to the company's goals..

Recognition and rewards systems further strengthen this engagement by celebrating entrepreneurial efforts, innovative ideas, and exceptional performance. Acknowledging contributions not only boosts morale but also incentivizes employees to continue pursuing creativity and excellence.

Providing **continuous learning opportunities** and investing in employee development through **upskilling and career advancement** is fundamental to keeping employees motivated and aligned with the company's evolving objectives. Workshops, courses, certifications, and on-the-job training enable employees to stay up-to-date with industry trends, improve their skills, and advance their careers. These opportunities demonstrate the organization's commitment to its workforce and reinforce the value it places on employee growth.

Practical Advice: Create a clear career paths for each job



We have developed a comprehensive company ladder for every individual across all functions within the organization. This ladder provides clear visibility into career paths, enabling employees to understand their growth opportunities both within their current roles and in other parts of the company. Each position is accompanied by clearly defined job grading, as well as transparent compensation and benefits packages. This structured approach fosters clarity, fairness, and motivation, empowering employees to take charge of their professional development while aligning their ambitions with organizational goals.
Separating an individual contribution career track and the managerial track is also a critical aspect to implement in high tech companies. Not everyone wants (and is capable of) managing people, therefore, there is a need to have an alternative (typically technical) route to follow.

By integrating these strategies, organizations can create an environment where employees are not only motivated and engaged but also empowered to thrive and contribute to the company's long-term success. This holistic approach ensures a motivated workforce that drives innovation, collaboration, and resilience in an ever-changing business landscape.

6.2.6. Establish clear but simplified processes

Establishing transparent processes, including RACI schemes and well-defined ownership, is essential for overall company alignment. It removes uncertainties, enhances accountability, and ensures a cohesive operational approach. However, maintaining process agility is equally crucial for staying competitive in a rapidly evolving market. Overly complex processes can allow issues to go unnoticed,

diminish responsibility, and hinder responsiveness. Striking a balance between clarity and flexibility enables organizations to adapt quickly to changes in customer needs, market trends, and unforeseen challenges is a key to long-term success.

Simplifying bureaucracy is foundational to achieving this agility. By identifying and eliminating redundant or overly complex rules, organizations can streamline operations, reduce decision-making delays, and accelerate workflows. This approach enables teams to focus on high-value tasks such as innovation, customer engagement, and strategic initiatives.

Flexible organizational structures further enhance responsiveness by empowering teams to act autonomously and quickly. Moving away from rigid hierarchies, organizations can adopt dynamic team configurations, decentralized decision-making, and modular frameworks that allow independent yet aligned operations. These adaptable structures enable quick pivots in response to market shifts, ensuring agility and resilience.

Leveraging technology is another vital component of agility. Tools like automation, real-time analytics, and collaboration platforms support faster decision-making, resource optimization, and seamless communication across teams. Coupled with regular feedback loops involving employees, customers, and stakeholders, these tools help organizations continuously refine processes to align with changing priorities and expectations. Together, these strategies create an environment that balances structure and adaptability, fostering innovation and sustained growth.

Practical Advice: Use digital tools for centralized information sharing

To maintain alignment and foster cross-departmental collaboration, we employ a centralized project management tool, serving as a unified platform to track progress, share updates, and integrate efforts across all teams (e.g. MS Project, or JIRA). However, each team within the company utilizes its task management tool tailored to their specific workflows, ensuring that tasks are handled efficiently at the team level (paper, table, Tasks, Redmine). The data are digitally migrated to the centralized tool and visualized in many dashboards in PowerBI. This dual-layered system is underpinned by robust data measurement practices, enabling us to analyze performance, identify bottlenecks, and continuously improve processes through informed decision-making.

6.2.7. Reintroduce entrepreneurial practices and behaviours

Promoting autonomy is a cornerstone of fostering a workplace culture where employees feel valued and empowered to contribute meaningfully to organizational

goals. When employees are trusted to take initiative and make decisions, they gain a sense of ownership and responsibility that drives engagement and performance. This empowerment not only enhances job satisfaction but also encourages employees to approach challenges with creativity and resourcefulness. When individuals have the freedom to explore their ideas and implement solutions, they are more likely to identify opportunities for improvement and develop innovative approaches that align with the organization's vision.

Encouraging experimentation further supports this dynamic by creating a safe environment where teams feel comfortable taking calculated risks without fear of failure. This mindset allows employees to explore new methods, test unproven ideas, and learn from both their successes and missteps. Such an approach can lead to groundbreaking developments in product design, service delivery, and operational efficiency. Organizations that embrace experimentation position themselves as agile and forward-thinking, capable of adapting to emerging trends and staying ahead of the competition.

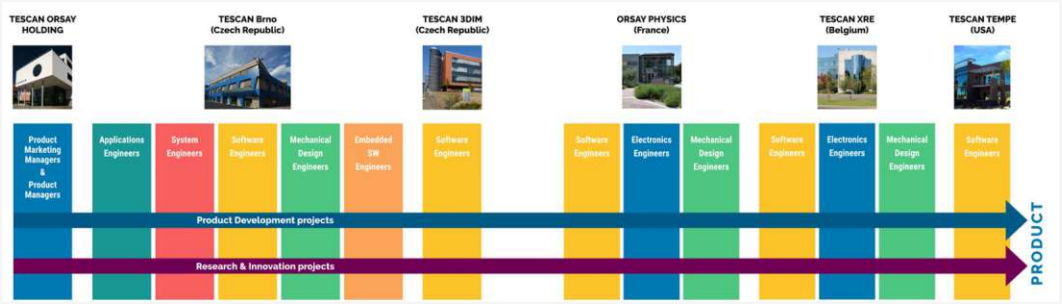
Practical Advice: Formally integrate innovation into company agenda

We have implemented the innovation into the overall strategic leadership plan with structured execution. We focused on:

- **Created an IP board** focusing on collecting, analyzing and awarding ideas for innovation.
- **Implemented a reward system**, where everybody, who comes with the idea for innovation gets a fixed payment based on the potential contribution of such innovation on the overall business
- **Dedicate time** for innovation of each R&D engineer
- **Established** KPIs for tracking the innovation, such as number of invention requests
- **Created an Innovator appreciation event** where senior leadership gives special medals to those awarded.

Breaking down silos and enabling cross-functional collaboration is equally critical in fostering innovation and creativity. When departments work in isolation, they limit the flow of ideas and knowledge, which can stifle growth. By encouraging collaboration across functions, organizations bring together diverse perspectives and expertise that enrich problem-solving and spark innovative solutions. Cross-functional teams are often better equipped to address complex challenges, as they can leverage a broader range of insights and approaches.

Practical Advice: Stimulate cross-entity projects



We have established a routine for creating and managing projects independently of the location. Projects have members from various locations and teams and work towards the project goal. The role of the **project manager** is held by one of the people on team. Product development and Innovation projects can be run in parallel, each of the utilizing a different development process.

Fostering **open communication** and shared objectives across departments is essential to supporting autonomy and collaboration. Transparent communication ensures that all teams understand the organization's goals and can align their efforts to achieve them. Shared objectives promote unity, helping employees see how their contributions fit into the bigger picture. Moreover, open communication creates a feedback-rich environment where ideas can be refined and improved collectively, maximizing the organization's creative potential.

Ultimately, by prioritizing autonomy, encouraging experimentation, and facilitating cross-functional collaboration, organizations can create a culture that inspires innovation and drives continuous improvement. These strategies empower employees to think boldly and work collaboratively, enabling the organization to achieve more effective, impactful, and sustainable solutions. This approach positions the business to thrive in an ever-evolving market while maintaining a motivated and engaged workforce.

6.2.8. Feedback and adaptation

Feedback and adaptation are vital components for sustaining growth and maintaining relevance in today's dynamic and competitive business environment. Organizations that actively seek and act on feedback are better positioned to understand the needs and expectations of their employees, customers, and stakeholders.

Regular feedback loops provide a structured and consistent mechanism for collecting valuable insights from these key groups. By leveraging surveys, one-on-one discussions, performance reviews, and customer feedback channels, businesses can gain a comprehensive understanding of areas that require improvement and identify emerging opportunities that align with their strategic goals. This iterative process not only allows organizations to address concerns promptly but also fosters a culture of continuous improvement, where processes, products, and services evolve in response to real-time input.

Practical Advice: Perform simple but regular retrospectives

We have established a routine for performing a structured retrospective on every larger project or product. The retrospective needs to be very simple so it does not create additional complexity in bureaucracy, yet it needs to provide feedback on all aspects of the task.
The typical outcome is a page summarizing:

- What went well
- What needs improvement
- Suggested action

All learning is stored in the learning database and reviewed by any project manager before starting a new project.

Adapting to change is equally important, as it ensures that the organization can remain agile and responsive in the face of shifting market conditions, industry trends, and internal cultural transformations. A commitment to adaptation enables businesses to anticipate and respond effectively to new challenges, such as evolving customer preferences, technological advancements, or economic fluctuations. Organizations that embrace change as an opportunity rather than a threat are better equipped to innovate, stay competitive, and maintain relevance in their industries.

Fostering a **culture of agility and openness to feedback** is critical to achieving these goals. Employees should feel empowered to voice their opinions and suggest improvements without fear of judgment, while leaders must demonstrate a willingness to listen and implement actionable changes. This cultural shift not only strengthens trust and engagement within the workforce but also encourages creativity and collaboration. Moreover, incorporating external feedback from customers and stakeholders ensures that the organization remains aligned with market expectations and continues to deliver value.

To maximize the impact of feedback and adaptation, organizations must integrate technological tools that support data collection, analysis, and decision-making. Real-time analytics, customer relationship management systems, and collaborative platforms can provide actionable insights and streamline the process of implementing changes. By using these tools, businesses can respond to feedback more quickly and effectively, minimizing the risk of falling behind in a fast-paced market.

Ultimately, feedback and adaptation are about building resilience and positioning the organization for long-term success. By embracing a proactive approach to feedback and maintaining the flexibility to adapt to changing conditions, organizations can navigate uncertainties with confidence, seize opportunities for innovation, and ensure sustained growth in an ever-evolving business landscape.

7. Conclusions

In conclusion, reinventing SMEs requires a comprehensive approach that integrates multiple strategies to foster innovation, agility, and engagement while aligning organizational goals with market demands. Restoring an entrepreneurial culture through initiatives like promoting autonomy, encouraging experimentation, and enhancing cross-functional collaboration empowers teams to think creatively and drive innovation. Simplifying bureaucracy and adopting flexible structures enable agility, allowing businesses to pivot quickly in response to market shifts. Employee engagement strategies, such as involving employees in decision-making, offering continuous learning opportunities, and recognizing contributions, help create a motivated and aligned workforce that embraces change. Leadership plays a pivotal role, with strong, visible leaders inspiring trust and guiding teams effectively, supported by leadership development programs to enhance strategic thinking and adaptability. Rebranding efforts, combined with transparent communication about growth plans and the company vision, align the organization's internal culture with its external identity, ensuring consistency and cohesion. Finally, implementing regular feedback loops and maintaining responsiveness to change allow SMEs to adapt, innovate, and remain competitive in an evolving landscape. By integrating these strategies, SMEs can build a resilient foundation for sustainable growth, ensuring their relevance and success in a dynamic business environment.

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