ENTREPRENEUR Art. 2082 Italian Civil Codex

A PERSON WHO CARRIES OUT AN ECONOMIC ACTIVITY IN ORDER TO PRODUCE OR EXCHANGE GOODS OR SERVICES TO OBTAIN PROFITS.

Depending on the kind of activity and the volume of business, he can be classified as entrepreneur, agricultural entrepreneur, small business entrepreneur or commercial entrepreneur (Artt. 2083, 2135, 2195 C.C.)

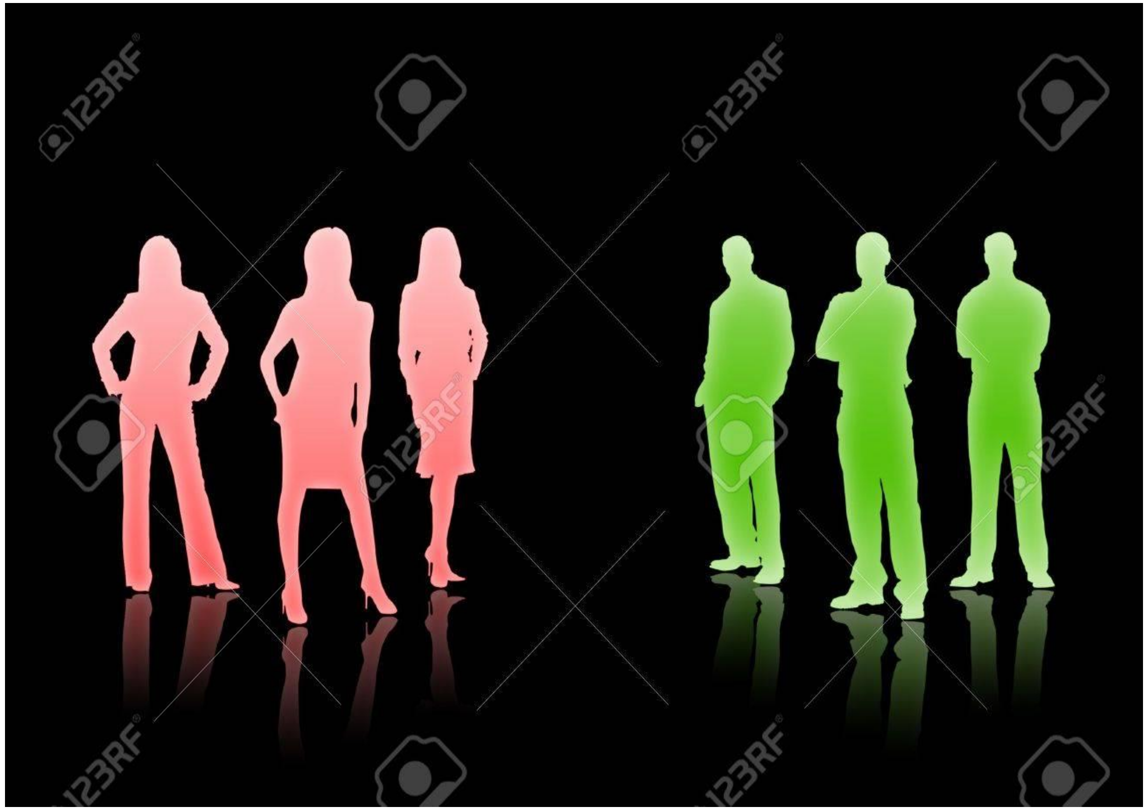
COMPANY

Italian law: article n. 2247 Civil Codex

CONTRACT BETWEEN TWO OR MORE PARTNERS TO MANAGE A COMMON ECONOMIC ACTIVITY CHOSEN IN ORDER TO DIVIDE THE PROFITS

TYPES OF BUSINESS COMPANIES

Every Government regulates the business or profit companies through own rules but all companies have the following features:



- Contracts between two or more parties
- Contribution of goods, cash or services
- Each partner must be able to partecipate in decisions taken in pursuing the chosen economic activity
- The economic activity chosen is carried out to generate profit and to divide it amongst the partners (or shareholders)

MAIN KINDS OF COMPANIES AROUND THE WORLD

BUSINESS FIRMS OR PARTNERSHIPS

(small- sized enterprises)

Partnerships or Companies of people

CORPORATIONS OR LIMITED COMPANIES AND LIMITED LIABILITY COMPANIES

(great and medium – sized enterprises)

Capital Corporations or companies

PARTNERSHIPS OR BUSINESS FIRMS

Small sized-enterprises

1. Profit seeking ventures
2. Cooperative societies

Profit seeking ventures are called:

1. **Simple partnership**
2. **General partnerschip**
3. **Limited partnership**

2 Cooperative societies have aims to assist their members

THE PARTNERS ARE PERSONALLY LIABLE

The partners of partnerships (or *business firms)* assume the risk for debts of the company. They are responsible for all their personal patrimony.

They cannot avoid personal liability for the business risk. The bankruptcy of company makes partners gone out of business

COMPANIES CHARACTERISED BY CAPITAL AUTONOMY

In this case, the company assets are indipendent and separate from those of its shareholders.

The shareholders of a company benefit from the «corporate veil» a legal concept, that separates the personality of a corporation from the personalities of its shareholders, and protects them from being personally liabel for the company's debts and other obbligations. That's why they risk losing only their share investment. In a company shares can be trasfered as and when a shareholder wants to.

Shareholders can only exert control with their vote when electing Company Directors or management board

Corporations require a registered constitution act and they usually need an initial share capital quite high, subscribed by shareholders

The main kinds of Capitol Companies are:

1. **Public limited companies or corporations**
2. **Limited liability companies or private limited companies**

In National law they are called

SPA- SAPA – SRL – SRLS

COMPANY OR CORPORATION (Public Limited Company)

Great – sized enterprises

- The capital of this kind of company is made up of **shares**
- Owners of shares are called **shareholders**
- Minimum subscribed capital to start up a company is **EUR 50'000** divided into shares, but usually the capital is much more
- This kind of company is usually used for **great-sized enterprises:** Banks, Insurance companies, Transport companies, Multinationals
- Shareholders get **voting shares** and **patrimonial rights** in proportion to their participation quotas
- More voting shares = more corporate control

The majority shareholder is the one who holds the greatest amount of shares, can be a person or another company

A company can issue **bonds** or other instruments of debt to reach its goal business

CORPORATE GOVERNANCE

- **Corporate governance is the system by which companies are directed and controlled .**
- **The purpose of corporate governance is to facilitate entrepreneurial and prudent menagement that can deliver the long term success of the company. The shareholders role in governance is to appoint the management board or MD**
- **The management board or MD assumes the responsability for setting the company's strategic aims, supervising the management of the business and reporting to shareholders on their stewardship**

General meeting of shareholders

Deliberative body (board meeting)

Administrative body

management board (or council)

CEO = Chief executive officer

MD = Managing Director

THE GREATEST COMPANIES ARE INTERNATIONAL
THEY MAY BE AUTHORIZED TO TRADE THEIR
SHARES ON THE FINANCIAL MARKET AROUND
THE WORLD, TO FIND NEW INVESTITORS

(for example : multinational corporations)

THE MOST FAMOUS FINANCIAL MARKETS ARE:

- New York Stock Exchange
- Tokio Stock Exchange
- London Stock Exchange
- Frankfurt Stock Exchange
- Paris Stock Exchange
- Borsa Valori di Milano

The total market value of a company is calculated by multiplying the share price of the company by the Total number of shares they have issued

EUROPEAN COMPANY (SE)

EUROPEAN REGULATION n. 2157/2001

- If you have a business and want to expand to another European Country (28 plus Iceland, Liechtenstein and Norway), you could consider creating a European Company. The European Company – also known as SE (Societas Europea in Latin) – is a type of public limited-liability company that allows you to run your business in different European countries using a single set of rules.

There are several advantages to setting up a European Company:

- A simpler way to run business across more than one EU country: you can reorganise your activities under a single European brand name and run your business without setting up a network of subsidiaries.
- Greater mobility in the single market. For example, you can transfer your registered office to another EU country without having to dissolve the company.

Requirements for setting up a European Company

- To establish a European Company you must abide following requirements :
- Your registered office and your head office must be in the same EU country
- You must have a presence in other EU countries (subsidiaries or branches)
- Minimum subscribed capital of EUR 120 000

LIMITED LIABILITY COMPANY (Private Limited Company)

Small and medium-sized enterprises

Società a responsabilità limitata SRL

Società a responsabilità limitata semplificata- SRLS

Sociedad de responsabilidad limitada SL

Spółka z ograniczoną odpowiedzialnością sp. z o.o.

Uždaroji akcinė bendrovė UAB

Societate cu răspundere limitată SRL

It requires no large amount of capital

No personal liability of the partners

That’s why it is the most popular kind of Company in the world

FEATURES OF LIMITED LIABILITY COMPANY

Srls
Società a responsabilità limitata semplificata

It is a commercial company founded by partners who are not liable for the company and personally bear losses only up to the outstanding contribution agreements. Partners' contributions constitute the registered capital of a limited liability company. Each partner has his quota in the company in proportion to the contribution of the capital so the registered capital of the company is divided between the partners based on the proportional ratio of their contribution. This kind of company could operate in any sector of the economy and in any activity, without investing large scale capital. Besides it requires an easy administrative procedure for its constitution. So it becomes the main tool of business cooperation between youngest entrepreneurs

In Italy the category of the limited liability company also includes the simplified limited liability company with reduced share capital (1 EUR).

(**Law No. 99 of 9 August 2013**).

Its widespread is a proof of the fact that a company can be successful without the need for large capital. You just need creativity and a new business idea

Starting and running a new company is not easy. Cumbersome, expensive, and time-consuming administrative procedures often discourage potential entrepreneurs from setting up their own businesses.

The European Commission's objective is to reduce the burden of administrative procedures and encourage more people to become entrepreneurs, create new jobs, and improve Europe's economic performance.

The Italian Government in the past few years enacted a new regulation (law no. 221/2012)which have recently been amended and updated aimed at encouraging innovation through the creation and development of new companies qualified as ‘innovative startups’. Several incentives as well as exceptions to the general rules applicable to enterprises are provided to stimulate investments in innovative startups, for example:

- tax incentives for the startups, the investors and the employees and consultants who subscribe equity participations;
- public offerings of quotas of startups incorporated under the form of limited liabilities companies, also through crowdfunding online portals;
- corporate benefits and exceptions to bankruptcy law provisions (Fail fast);
- cost reduction for the setting up of a new company;
- and the definition of a fixed-term employment contract departing from general labor law

DEFINITION OF INNOVATIVE STARTUP

To be 'innovative', a startup has to:

develop, produce and trade innovative goods or services having a high technological value and such activities should represent its exclusive or prevailing core business;

and meet at least one of the following alternate requirements:

1. **the costs allocated to research and development must be equal to or higher than 15 per cent of the higher value between the company's production costs and the company's production value;**
2. **at least one-third of its work force shall be represented by individuals having a Ph.D. or carrying out a Ph.D. or having a degree and having completed a research program of three years at public or private research entities in Italy or abroad. Alternatively, at least two thirds of its workforce has to be composed of individuals with a master degree.**
3. **The startup has to be the owner or assignee, or has to have applied for the registration with the relevant authorities, of an industrial property right related to its core business.**

- **The startup has to be incorporated since no more than 60 months;**
- **it cannot distribute profits and it must not have distributed profits since its incorporation;**
- **starting from its second year, the total value of its activity shall not exceed € 5m resulting from its last yearly approved balance sheet**

EUROPEAN ENTERPRISES

Europe's economic growth and jobs depend on its ability to support the growth of enterprises. Entrepreneurship creates new companies, opens up new markets, and nurtures new skills

The most important sources of employment in the EU **are Small and Medium-sized Enterprises (SMEs).** The EU is the world's largest exporter and importer of goods and services taken together the largest foreign direct investitor and the most important destination for foreign direct investiment (FDI). Opening up the EU economy to trade and investment through startups is what of which the EU sorely needs. They bring ideas and innovation, new technologies and the best research. Startups increase the technological and economic development, contribute to the competitiveness of EU companies at home and abroad. That's why the European Union promotes the entrepreneurship education and innovative startups.

Entrepreneurship is an individual's ability to turn ideas into action. It includes creativity, innovation, risk taking, ability to plan and manage projects in order to achieve objectives.

EU promotes European enterprises providing fundings for startups, entrepreneurs and companies of any size or sector (Web site: Startup Europe club – Partnership startup Europe – check the link)

Access to finance is very important to start or expand a business. Enterprises may be obtain finance from European, national and local entities.

The decision to provide Eu or national financing is made through local financial intermediaries such as banks and venture capital companies. European funding is managed according to strict rules to ensure that the money is spent in a transparent and accountable manner.

THE IDENTIFING CHARACTERISTICS OF THE COMPANY

The identifing charateristics of the company are:

Logo and brand

THE FIRM OR BUSINESS NAME

The name that the enterprise uses for its activity

THE BANNER

The distinctive sign for the places where is practiced the economic activity

Web Marketing and «Go international!»

THE BRAND OR TRADEMARK

The sign that distinguishes the products