



**Asia-Pacific
Economic Cooperation**

APEC Training Course on Enhancing Entrepreneurship Skills for SMEs

Viet Nam, 17-19 June 2008

APEC Small and Medium Sized Enterprises Working Group

July 2008

Note: Some of the terms used here do not conform to the APEC Style Manual and Nomenclature. Please visit http://www.apec.org/apec/about_apec/policies_and_procedures.html for the APEC style guide.

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Prepared by
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AGENDA

SECTION 1:

- *How to diagnose what services and help individual entrepreneurs need to success*

SECTION 2:

- *Overview of the role of SMEs in the economy and contribution of entrepreneurs to the entrepreneurial engine*

SECTION 3:

- *Examples, cases of how governments and agencies can help entrepreneurs in areas where they usually have needs*

SECTION 4:

- *Practical applications experiences and techniques to help governments to help entrepreneurs and SMEs*

SECTION 5:

- *Experiences sharing among APEC participants on supporting entrepreneurs*

SECTION 6:

- *Panel discussion on how participants can improve the business and regulatory environment for entrepreneurs and assist them with better support services, etc...*

ECONOMIES REPORTS

[Indonesia](#)

[Malaysia](#)

[Mexico](#)

[Papua New Guinea](#)

[Peru](#)

[The Philippines](#)

[Thailand](#)

[Viet Nam](#)

Summary report

AGENDA

APEC Training course on Enhancing Entrepreneurship for SMEs

17 – 19 June 2008, Ha Noi, Viet Nam

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17 June 2008		
8.30 – 9.00	Registration	
9.00 – 9.10	Welcoming remarks	Vice Chairman of Viet Nam Young Entrepreneur Association
9.10 – 12.00	Session 1. How to diagnose what services and help individual entrepreneurs need to success	
	<p><i>Striking a linkage between SMEs and foreign investors (or transnational corporations -- TNCs). How can SMEs in developing countries increase competitiveness? How can they promote linkages? What are best practices?</i></p> <p><i>UNCTAD Work Program on SMEs</i></p>	By Mr. Masataka Fujita, Chief, Investment Trends and Data Section, UNCTAD
9.50 – 10.30	<i>How the private sector can help entrepreneurs to start up, grow and prosper, and why it is important for governments to work hand in hand with the private sector in providing intangible and tangible infrastructure</i>	By Mr. Lindsay Munns, Sirlaws, Australia
10.30 – 10.50	Coffee break	
10.50 – 11.30	<i>Overview of difficulties faced by entrepreneurs and what entrepreneurs need from the support of Governments: experience of Vietnamese entrepreneurs</i>	Ms. Nguyen Huong Tra, Associate Expert, Bureau for Employers' Activities (VCCI)
11.30 – 12.10	Discussion	
12.10 – 13.30	Lunch	

		-
13.30 – 16.40	Session 2: Overview of the role of SMEs in the economy and contribution of entrepreneurs to the entrepreneurial engine	
13.30 – 14.10	<i><u>Overview of the role of SMEs in the economy and contribution of entrepreneurs to the entrepreneurial engine</u></i>	Prof. Chris Hall, Macquarie Graduate School of Management, Australia, PECC member
14.10 – 14.50	<i><u>Trends in foreign direct investment (FDI) by SMEs : increasing importance of SME FDI in Asia; characteristics and impacts of such FDI on local host economy; problems faced by these small investors; and policy options for host developing countries to increase beneficial impacts from such FDI.</u></i>	Mr. Masataka Fujita, Chief, Investment Trends and Data Section, UNCTAD
14.50 – 15.10	Coffee break	
15.10 – 15.30	<i><u>The role that exports by SMEs play in strengthening the economy with focus on example/case study of the United States.</u></i>	Mr. Israel Hernandez, Assistant Secretary of Commerce and Director General of the United States Foreign Commercial Service
15.30 – 16.10	<i><u>Practical Examples of How Sirlaws have worked with SME's in helping develop their businesses</u></i>	Mr. Lindsay Munns, Sirlaws, Australia
16.10 – 16.40	Discussion	
18 June 2008		
9.00 – 12.15	Session 3: Examples, cases of how governments and agencies can help entrepreneurs in areas where they usually have needs (e.g: identifying and assessing business opportunities realistically; finance; selecting the appropriate management team and skills; planning for contingencies and different stages of expansion; marketing; competing; anticipate and deal with change; make effective use of technology; governance processes for their business; increase the value of	

	<i>their business; legal and regulatory compliance; etc..).</i>	
9.00 – 9.40	<i>US DOC & USTR Program aimed at helping American SMEs compete internationally</i>	Ms. Candace Chen, President & Managing, Director Power Clean 2000, USA
9.40 – 10.20	<i>Why banks are not getting enough finance to SMEs, and what you can do about it. Best practice in finance and management development services</i>	Prof. Chris Hall, Macquarie Graduate School of Management, Australia, PECC member
10.20 – 10.50	Coffee break	
10.50 – 11.30	<i>Strategies for creating an entrepreneurial society in Chinese Taipei</i>	Dr. Ho Chin Tsang, Deputy Director, Small & Medium Enterprise Administration, Ministry of Economic Affairs, Chinese Taipei
11.30 – 12.00	Discussion	
12.00 – 13.30	Lunch	
13.30 – 17.30	Session 4 Practical applications experiences and techniques to help governments to help entrepreneurs and SMEs	
13.30 – 14.00	<i>Getting businesses started</i>	Prof. Chris Hall
14.00 - 14.30	<i>Survival, exit, and value creation</i>	Mr. Lindsay Munns
14.30 – 15.00	<i>Financing options at different stages</i>	Prof. Chris Hall
15.00 - 15.20	Coffee break	
15.20 - 15.50	<i>Management skills, coaching and mentoring</i>	Mr. Lindsay Munns
15.50 - 16.20	<i>Accessing markets and protecting IP</i>	Ms. Candace Chen
16.20 - 16.50	<i>State and Local Level Resources (California focus) aimed at helping</i>	Ms. Candace Chen

	<i>SMEs do business and develop partnerships overseas</i>	
16.50 - 17.30	Open discussion	-
19 June		
9.00 – 12.30	Session 5: Experiences sharing among APEC participants on supporting entrepreneurs	
9.00 - 9.15	<i>Presentation by Indonesia</i>	
9.15 - 9.30	<i>Presentation by Malaysia</i>	
9.30 - 9.45	<i>Presentation by Mexico</i>	
9.45 – 10.00	<i>Presentation by Papua New Guinea</i>	
10.00 – 10.15	<i>Presentation by Peru</i>	
10.15 – 10.30	Coffee break	
10.30 – 10.45	<i>Presentation by the Philippines</i>	
10.45 – 11.00	<i>Presentation by Thailand</i>	
11.00 – 11.15	<i>Presentation by Viet Nam</i>	
11.15 – 11.45	Discussion	
11.45 - 12.30	Session 6: Panel discussion on how participants can improve the business and regulatory environment for entrepreneurs and assist them with better support services, etc... <u>Summary report</u>	<u>Moderator:</u> Prof. Chris Hall <u>Panel:</u> - Mr. Masataka Fujita - Dr. Ho Chin Tsang - Ms. Candace Chen - Mr. Lindsay Munns
12.30 – 14.00	Lunch	

**How to diagnose what services and help individual
entrepreneurs need to success**

**UNCTAD's work on SMEs
and lessons**

**APEC Training course on Enhancing
Entrepreneurship for SMEs**

17-19 June 2008

Ha Noi, Viet Nam

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I. Research

- FDI by and in SMEs
- Internationalization of SMEs
- Joint research project with OECD on global value chains

II. Intergovernmental machinery and consensus building

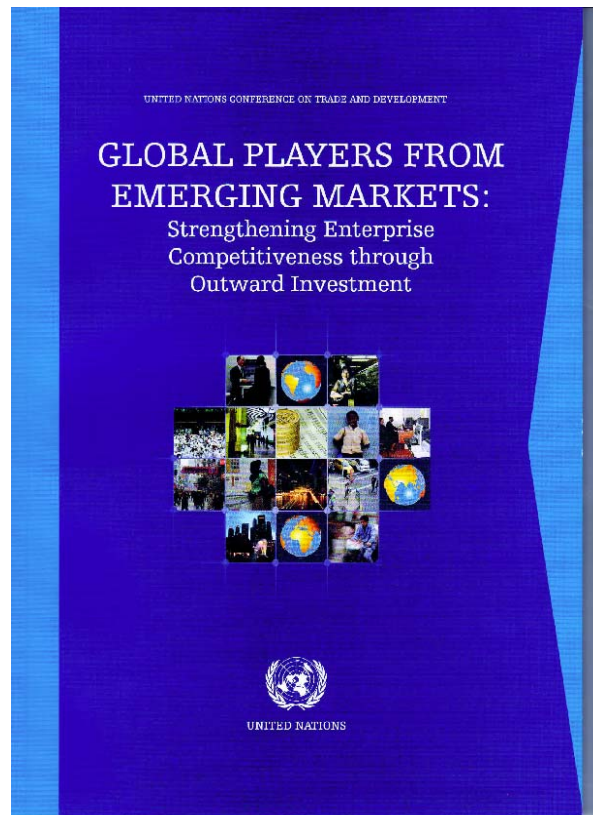
- Host countries: can benefit when linkages contribute to the upgrading of domestic enterprises and as foreign affiliates become more firmly embedded in the host economy

III. Technical assistance

FDI by and in SMEs

- Handbook on Foreign Direct Investment By Small and Medium-Sized Enterprises: Lessons from Asia, UNCTAD, 1998
- Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries, UNCTAD, 2007

Internationalization of SMEs



- **Published “Global Players from Emerging Markets: Strengthening Competitiveness through Outward Investment”**
- **High-level policy seminar organized in collaboration with ASEAN in Bangkok, 18-19 October 2007**

Joint research project with OECD on global value chains

The joint UNCTAD-OECD-University of Fribourg research project on “Enhancing the participation of SMEs into Global Value Chains”

- The Government of Switzerland through the Geneva International Academic Network (GIAN/RUIG) funded the research.
- Case studies carried out by UNCTAD cover local suppliers of large transnational corporations (TNCs) operating in developing countries in the automotive (Toyota in South Africa, Volkswagen in Mexico and Tata Motors in India), software sector (Microsoft in Egypt and IBM in Vietnam) and the cinema and audiovisuals sector (Caracol in Colombia and NuMetro in Nigeria).
- The case studies look at structurally different sectors and therefore their findings cannot be generalized nor compared across industries. However, they provide useful insights on the issues investigated and point to new relevant matters.
- The findings of the joint research project were presented at the OECD Conference held in Tokyo on 31 May and 1 June 2007. At the Conference, OECD member states endorsed the OECD Tokyo Action Statement, which includes policy recommendations on strengthening the role of small and medium enterprises (SMEs) and for further work in this area.

Joint research project with OECD on global value chains (Cont'd)

Results of UNCTAD's case studies on the automobile industry

- Most local suppliers in developing countries did not succeed to become global sourcing partners.
- Developing countries SMEs have started to link up with first tier suppliers of large TNCs.
- Large opportunities appear to have emerged in second-tier sourcing in Mexico and South Africa.

Joint research project with OECD on global value chains (Cont'd)

UNCTAD's case studies results on the software industry

- Leading software providers (such as Microsoft in Egypt or IBM in Vietnam) depend on local companies to adapt their products to the local market and to support local customers.
- Rivalry among local companies is strong and is driving a constant upgrading process.
- This, in turn, gives companies visibility and credibility not only in their domestic market but also in their region.

Joint research project with OECD on global value chains (Cont'd)

UNCTAD's case studies results on the cinema industry

- TNCs dominate the most important production networks. Creative industries face structural changes triggered by technology, both at the production and the distribution side.
- The issue of local preferences, culture, formats and language is still a determining factor in shaping the emergence of new value chains in creative industries.
- This opens up new opportunities for new, specialized entrants, such as the Colombian 3-D animation producers and local movie producers in “Nollywood” (Nigeria).

UNCTAD's Policy recommendations (1)

- The findings of the case studies are industry-specific, and they are influenced by industry structure, stages of industry development and the buying behaviours of lead firms in a given industry.
- However, they provide useful information on TNC suppliers in developing countries and indications of their requirements, and may thus help identify key policies for SME development.

UNCTAD's Policy recommendations (2)

- The studies demonstrate that an enabling business environment is a necessary pre-condition for promoting SMEs to integrate into the global market.
- However, there is also a need for Governments, the business community and international organizations to play a role in designing and implementing targeted assistance programmes to build capacity in SMEs, so that they can overcome the challenges of entering or upgrading their position in the GVCs.

UNCTAD's Policy recommendations (3)

1. In developing countries, policies should improve the capacity of SMEs to upgrade.
2. Upgrading should involve process, product, functional and chain upgrading.
3. Upgrading should be accompanied by measures for connecting to final markets.
4. Evidence shows that upgrading SMEs is easier when achieved collectively.

1. Intergovernmental machinery

- **Commission on Enterprise, Business Facilitation and Development: 4 Issues Notes on:**
 - Improving the competitiveness of SMEs through enhancing productive capacities
 - Promoting TNC-SME linkages to enhance the productive capacities of developing country firms: a policy perspective
 - Global value chains for building national productive capacities
 - Trade logistics and global value chains

2. Expert meetings

- Promoting SMEs export competitiveness (2004)
- Enhancing productive capacities of developing country firms through internationalization (2005)
- Building productive capacities (2006)
- Best practices and policy options in the promotion of SME-TNC business linkages (2006)
- Increasing the participation of developing countries' SMEs in global value chains (2007)

UNCTAD linkage programme

- Advisory services on policies: Policy advice on improving the environment for sustainable business linkages and on outward investment.
- Business linkages: Projects developed in Brazil, Uganda and Vietnam. Starting in Zambia and Mozambique.
- Empretec: Opened new centres in Romania and Mexico. Started installations in Tanzania, Zambia and the Dominican Republic.

UNCTAD's linkage programme (cont'd)

Business linkage between foreign TNCs and SMEs in local economy.

- Policy advice (e.g. no more withholding tax by cane growers in Uganda; credit facilities by financial institutions to meet requirements of foreign affiliates in Uganda).
- Identification of business linkages (e.g. BASF provides a supplier upgrading programme in Brazil to meet quality and environmental standards).
- Supply chain management and entrepreneurship training (e.g. Unilever supports the training of suppliers in Viet Nam to meet quality standards and help increase export capacity of local suppliers in cooperation with the Royal Melbourne Institute of Technology University in Viet Nam, Investment Promotion Centre of North Viet Nam).

Business Linkages: Uganda

- Six firms have teamed up with 26 local businesses to streamline their supply chains.
- For example, Uganda Breweries assists over 2,000 farmers with supply chain management and guarantees barley supplies locally. In Western Uganda, Kinyara Sugar Works Limited has introduced a new credit scheme enables farmers to save and access small loans.



Signing of partnership agreements in Uganda

Business Linkages: Brazil

- Projeto Vinculos: 11 large corporations are helping over 80 local partners upgrade in order to meet quality and environmental standards. For example, following a successful pilot phase, BASF has decided to extend its supplier upgrading programme to all its Brazilian operations, covering 100 per cent of the costs.



Projeto Vinculos in Brazil

Business Linkages: Vietnam

- Unilever Viet Nam plans to step up domestic production by 59 per cent.
- Unilever Viet Nam supports the training and development of SMEs in total productive maintenance (TPM) in safety, hygiene, performance monitoring and a manufacturing sustainability improvement programme.
- Domestic producers became exporters



UNCTAD's Empretec (entrepreneurial development) programme

- Focuses on 10 areas of competences:
 - Opportunity-seeking and initiative
 - Persistence
 - Fulfilment of commitments
 - Demand for quality and efficiency
 - Calculated risks
 - Goal-setting
 - Information-seeking
 - Systematic planning and monitoring
 - Persuasion and networking
 - Independence and self-confidence

- Works in association with local SME institutions

Empretec results

- Empretec trained in 27 countries 120,000 entrepreneurs and developed 600 certified local trainers
- In Chile, for example, 80 per cent of entrepreneurs trained become exporters
- In Empretec Guatemala and Brazil 2 out of 3 women trained started a businesses
- In Empretec Ghana, 900 entrepreneurs obtained credit, 65% of which are women
- Nina Interiors, a Ugandan SME founded by Nina Karugaba which came to Enterprise Uganda for business development services, has increased the amount of its annual tax revenue from \$30,000 to \$850,000 after three years of training, hand-holding and mentoring – all this at a combined cost of only \$12,000!

Empretec: Strengthening the network

- Held the 14th Directors Meeting in Geneva
- Initiated needs assessment and impact methodology
- Set certification guidelines
- Developed training the trainers material
- Received 12 new requests
- Developed the *Women in Business Award Initiative* that will be launched at UNCTAD XII.



Empretec Women Workshop in Guatemala, 2007

Empretec Africa Forum

- Roll out of the Empretec programme in Tanzania
- Preliminary work started in Zambia and Mozambique under the One UN initiative
- Business plan developed for the regional network with an action plan



SIDO incubator in Tanzania



Commodity exchange board in Zambia 22

**How to diagnose what services and help individual
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**Promoting linkages between
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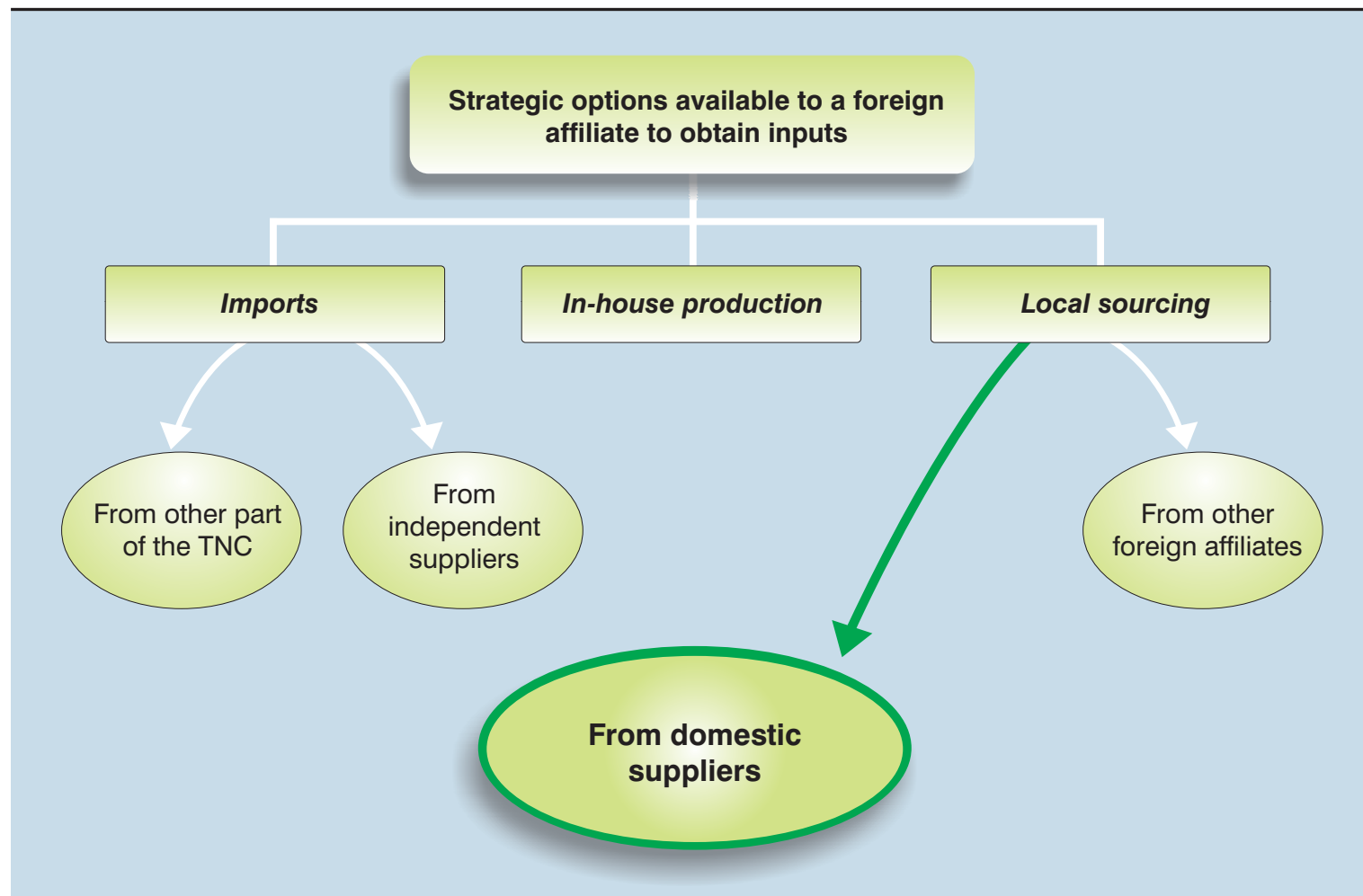
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Why promote backward linkages?

- Potential benefits to foreign affiliates, local firms and host countries.
- Foreign affiliates: using suppliers in a host country a way to reduce costs, increase flexibility and expand sales. Outsourcing and sub-contracting raise the need for inter-firm linkages.
- Local firms: become part of global production networks of TNCs, can increase sales and benefit from productivity-enhancing information and knowledge transmitted from foreign affiliates.
- Host countries: can benefit when linkages contribute to the upgrading of domestic enterprises and as foreign affiliates become more firmly embedded in the host economy.

Strategic options for obtaining inputs



Source: UNCTAD.



Many factors affect the linkage creation process

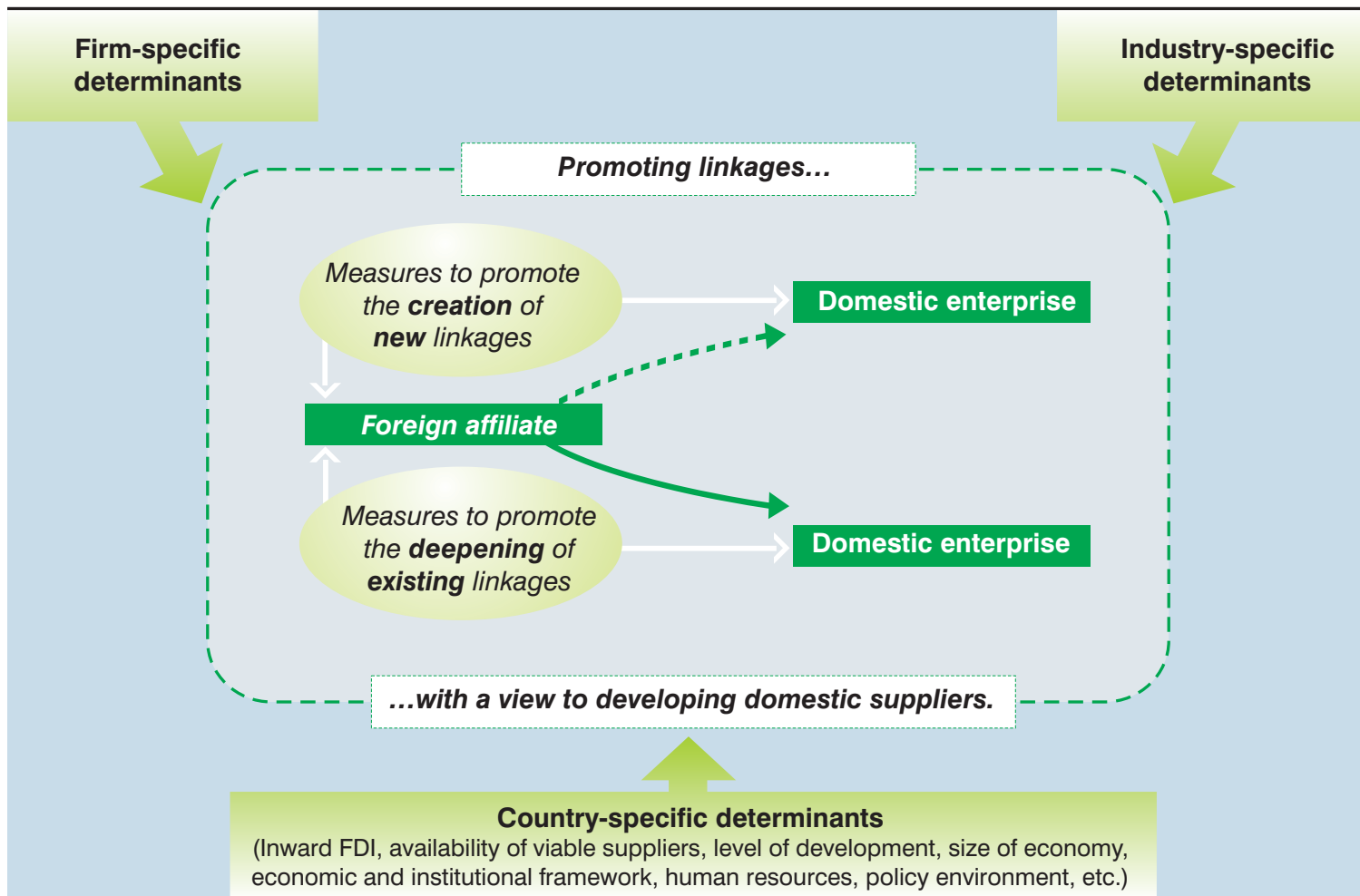
- Industry-specific determinants
- TNC-specific determinants
 - investment motives and strategies;
 - technology and market position of the TNC;
 - role assigned to a foreign affiliates;
 - age of foreign affiliate;
 - mode of establishment
 - size of affiliate
- Host-country-specific determinants
 - level of economic development
 - availability of competitive suppliers
 - availability of support institutions
 - legal and economic policy framework



Supplier development efforts by TNCs

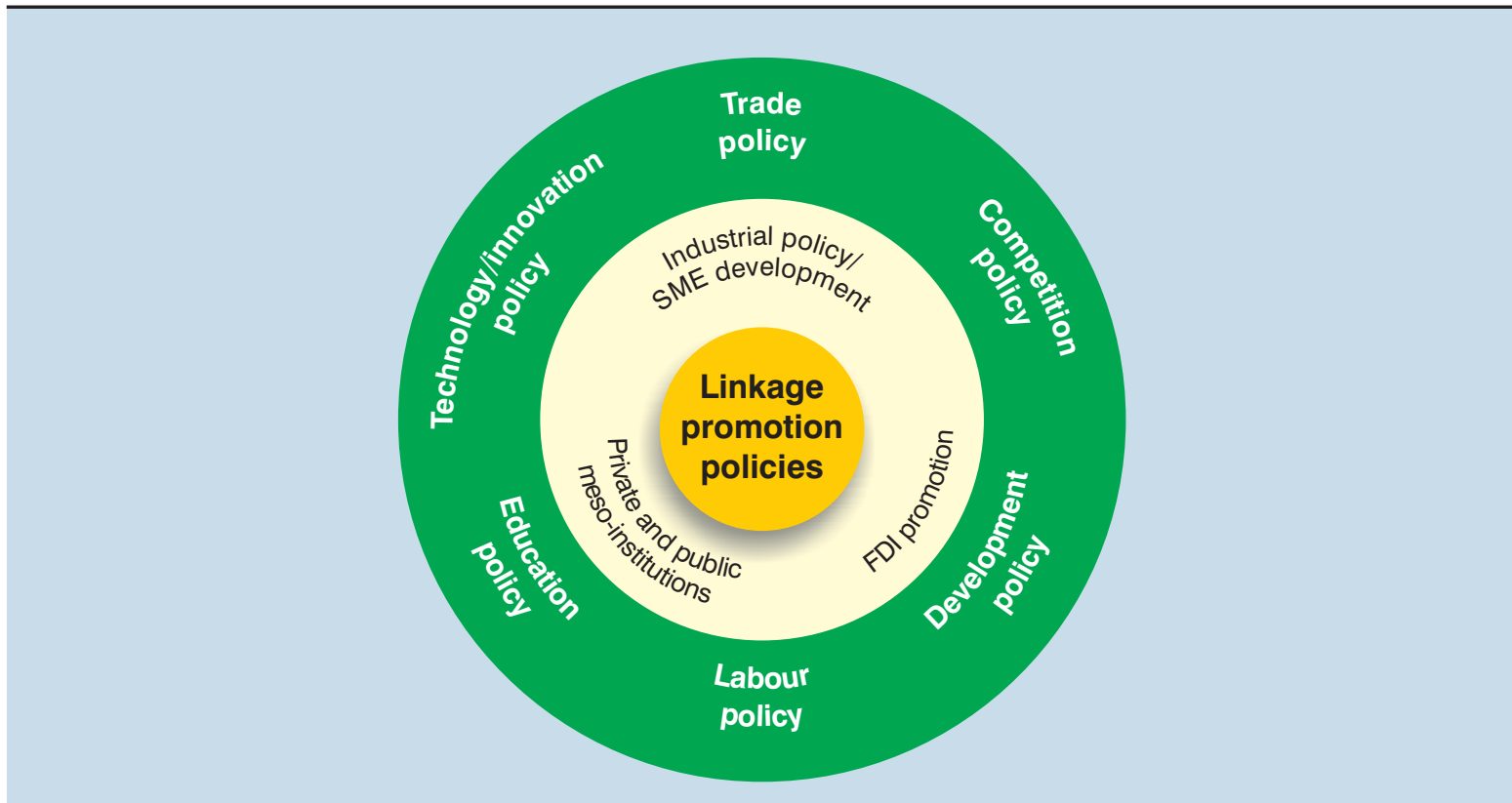
- Supply chain management more important.
- Some TNCs have established special linkage development programmes.
- Objective: expand the number of efficient suppliers, and/or to help existing suppliers improve their capabilities.
- Efforts have been made to e.g.:
 - find new suppliers;
 - provide technology and technical assistance;
 - give training;
 - share information; and/or
 - extend financial support.

Policy framework for promoting backward linkages



Source: UNCTAD.

The linkages policy environment



Source: UNCTAD.



The role of trade and investment measures

- Various performance requirements
 - local content
 - joint venture
 - export performance
- FDI and trade liberalization, and more intense competition for FDI, have reduced the reliance by countries on many performance requirements.
- Incentives
 - incentives linked to local content are not permissible under the TRIMs Agreement;
 - the use of incentives must also be compatible with the Agreement on Subsidies and Countervailing Measures;
 - Well targeted incentives to promote the strengthening of linkages can be important. Maybe such development-related subsidies should be rendered non-actionable.



Best linkage promotion

The need for public-private partnerships

- Role of foreign affiliates
 - indicate scope for local sourcing
 - help identify suppliers with greatest potential
 - specify requirements
 - participate in training, provide information and knowledge

- Role of government
 - formulate and adopt adequate laws and incentives
 - set up an appropriate institutional framework
 - make sure that support required is provided (by public or private service providers) to the firms targeted
 - policy coherence



Best practice in linkage promotion

some key lessons

- Matchmaking needs to be complemented by measure to upgrade local supply capacity
- Supplier development efforts should be selective and target SMEs that show the greatest potential for growth
- Cooperation and coordination among the various government agencies involved is important.
- Efforts need to tally with SME development and FDI policies
- Identify the best service providers of business support -- whether they be private or public.
- Efforts must be adapted to the specific circumstances of each country or sub-national location.



Success stories

- Successful policies promoting linkages can be found in Ireland, Chile, Jordan, Malaysia, Thailand, Singapore and South Africa.
- Large TNCs - Toyota, Unilever, FIAT, AngloAmerican, DymlerChrysler, Volkswagen, INTEL, IBM and Tata implement their own supplier developing programmes.
- Many donors and international organization are active in linkages building. Among others, DFID (the Business Challenge Fund), IFC, ITC, UNDP, UNIDO, USAID, the World Bank, GTZ, UNCTAD.



The National Linkage Programme in Ireland

basic facts

- Run by Enterprise Ireland
- Dates back to the mid-1980s
- Two main tasks:
 - to support Irish enterprises to build capacity, innovate and create new partnerships
 - to assist international investors to source and identify key suppliers in Ireland
- Key industries: electronics, engineering and pharmaceuticals
- Has focused on 70-80 Irish firms and involved some 250 foreign affiliates.
- Rapid growth of local purchases of raw materials and services
- Several SMEs have become successful international subcontractors.



The Local Industry Upgrading Programme (LIUP) in Singapore

- Run by the Economic Development Board (EDB)
- Started in 1986
- Aim: to upgrade, strengthen and expand the pool of local suppliers to foreign affiliates by enhancing their efficiency, reliability and international competitiveness.
- Close collaboration with foreign affiliates.
- Some 30 foreign affiliates and more than 10 large domestic companies were partnering some 700 vendors under the LIUP.
- Several local firms under the programme have managed to become preferred global first-tier suppliers to their customers and TNCs in their own right.



Main lesson learned from successful cases

- The establishment of sustainable linkages does not happen automatically, as a direct consequence of the presence of TNCs, but requires the participation and collaboration of all interested stakeholders (i.e. TNCs, local suppliers, government).
- Only if a conducive policy environment is set up, specific linkages promotion programmes have a chance to be transformed from isolated cases, to sustainable and inclusive mechanisms to build the local productive capacity.



A Linkage Promotion Programme

key elements

- 1. Setting the policy objectives**
- 2. Identifying the targets of the programme**
 - selection of industries, foreign affiliates and domestic firms
- 3. Identifying specific measures to be adopted:**
 - information and matchmaking
 - technology and technical assistance
 - training
 - provision of finance
- 4. Setting up institutional and administrative framework to implement and monitor the programme**



UNCTAD Business Linkage

Programme perspective

Approach: "Demand driven" business linkages
with TNCs affiliates

- From “input driven” (upgrading capacity of SME's in general)
- To “output driven” (meeting needs of TNCs’ affiliates)



UNCTAD Business Linkage

Programme perspective

Beginning of the Process: Market analysis

- Establish potential scope for linkages between TNC's and local suppliers, by sectors, type and region
- Gain understanding of business trends through contacts with business development services providers; investment promotion agencies; business associations; chambers of commerce; Trading companies (import, exports of raw materials, packing materials, finished goods)



Partnering with TNCs affiliates

- Explore linkages opportunities that are beneficial to both TNCs and their potential suppliers
- Define potential candidates for linkages
- Agree requirements in quantity, specifications, price etc.
- Align business processes, information flows
- Agree suppliers upgrade programme



Training provided by TNCs

Mainly through company programs

- Technical, manufacturing processes, management, quality, productivity, health and safety, preventive maintenance
 - Feedback, monitoring, coaching
 - Environmental issues
- + International initiatives: e.g. FFGA (Fit For Global Approach) by Bosch and Philips, covering issues of sustainability, responsibility, accountability, partnership



Implementation process and steps

- Assist suppliers in the preparation of feasibility studies and business plans
- Assist in the preparation of supply contracts and in closing linkage deals
- Upgrade capabilities of linkage partners through tailor-made programs
- Facilitate suppliers' access to technology, finance
- Provide feedback, mentoring, coaching to suppliers
- Monitor progress in implementation of linkage deals
- Enlist support of government bodies to improve business environment

Current technical assistance projects by UNCTAD


- Brazil
- Uganda
- Viet Nam
- Argentina
- Egypt
- Mozambique
- Ghana





All are « **ENGAGING THE PRIVATE SECTOR** »

- Business Linkage Programme, Uganda
 - Supported by UNCTAD and its local EMPRETEC centre, SIDA and the Uganda Investment Authority (UIA)
 - e.g. linkages partnership with Uganda Breweries
-
- Projecto Vínculos, Brazil
 - Supported by UNCTAD, GTZ, Ethos Institute, Fundacao Dom Cabral
 - e.g. linkage partnership between Petrobras and Sebrae under the National Mobilization Programme for the Oil and Natural Gas Industry
- Business Linkage Programme, Viet Nam
 - Supported by UNCTAD, RMIT International University Vietnam and the Investment Promotion Center of North Viet Nam (IPCN)
 - e.g. linkages partnership with Unilever



Governments/donors assure consistency between business linkage promotion and other private sector development initiatives.



Enhancing Entrepreneurship for SMEs

Hanoi 17 -19 June 2008

APEC SME WG

How the private sector can help entrepreneurs to
start up, grow and prosper

and why it is important for governments to work hand in hand with the
private sector in providing intangible and tangible infrastructure

Lindsay Munns

Shirlaws Australia

Business Coach to the SME sector

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Shirlaws
Love business.

Agenda

- Introductions
- What makes us different
- An example of how we work with SMEs



Introductions



Shirlaws
Love business.

Who am I

- Based in Sydney, Australia
- Have worked in SME market for over 18 years
- Have owned and started 3 businesses, managed 2 other SMEs and been an advisor to this market for 4 yrs
- Hold a Masters of Business Management from MGSM
- Am a senior business coach with Shirlaws



Who are Shirlaws

- Global organisation specialising in coaching businesses
- Founded in Australia in 1999. Now in UK, USA, Australia, New Zealand, Spain & UAE
- Developed full suite of own IP (frameworks)
- Fast growth credentials
- At the forefront of the coaching industry (MBC)



Shirlaws
Love business.



Where do we play

Shirlaws started out focusing on the small business market (5-20 staff)

Over time we have expanded this offering to the mid tier market (20-200 staff) and also the corporate market (200+ staff)

The team I work with in the Sydney market have developed a specialised offering to the micro market (0-5 staff)



What is our value proposition

Typically service providers to the SME market have concentrated on providing low cost or free services due to the view that small businesses can't afford to pay high fees.

Shirlaws instead offer a higher value proposition. Our services are not inexpensive, but our clients receive a multiple return on this investment, so are happy to pay.

The SMEs who are predispositioned to take a **high value** rather than **low cost** approach to support are generally the higher growth, higher contributing businesses within the economy.

What makes us
different



Shirlaws
Love business.



Coaching not Consulting

The business support providers for SMEs in our markets are generally **consulting** based. That is they provide solutions and advice but rely on the client to implement this.

Shirlaws have pioneered a business coaching approach which seeks to:

1. Provide not only advice but assist with implementation
2. Facilitate a skills transfer
3. Work on a partnership model over a period of time (avg 12-24 months)

Cultural and Commercial

Sustainable growth comes from working on both the **Commercial** and **Cultural** outputs in a business





Cultural and Commercial – getting the balance right



We understand the benefit of working on both the commercial and cultural agenda and specialise in helping clients get this balance right.



Our service offering

Coaching
Programme

Projects

Workshops

An example of our
coaching approach



Shirlaws
Love business.



Introducing the Stages Framework

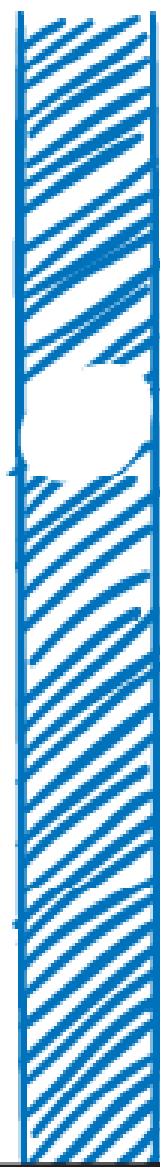
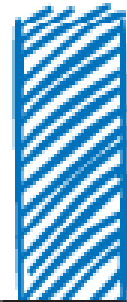
When working with clients, we use contextual frameworks to help understand and communicate common business issues.

Shirlaws have developed 20 individual frameworks that cover issues ranging from managing staff and resources, to communication skills.

Our best known framework, Stages, charts the journey of a business through the typical business cycle. We use this as the basis of much of the analysis and strategy setting we do with a client.



Stages
'feelings'



time

Stages

'feelings'



1. Start-up

day 1

excited

time

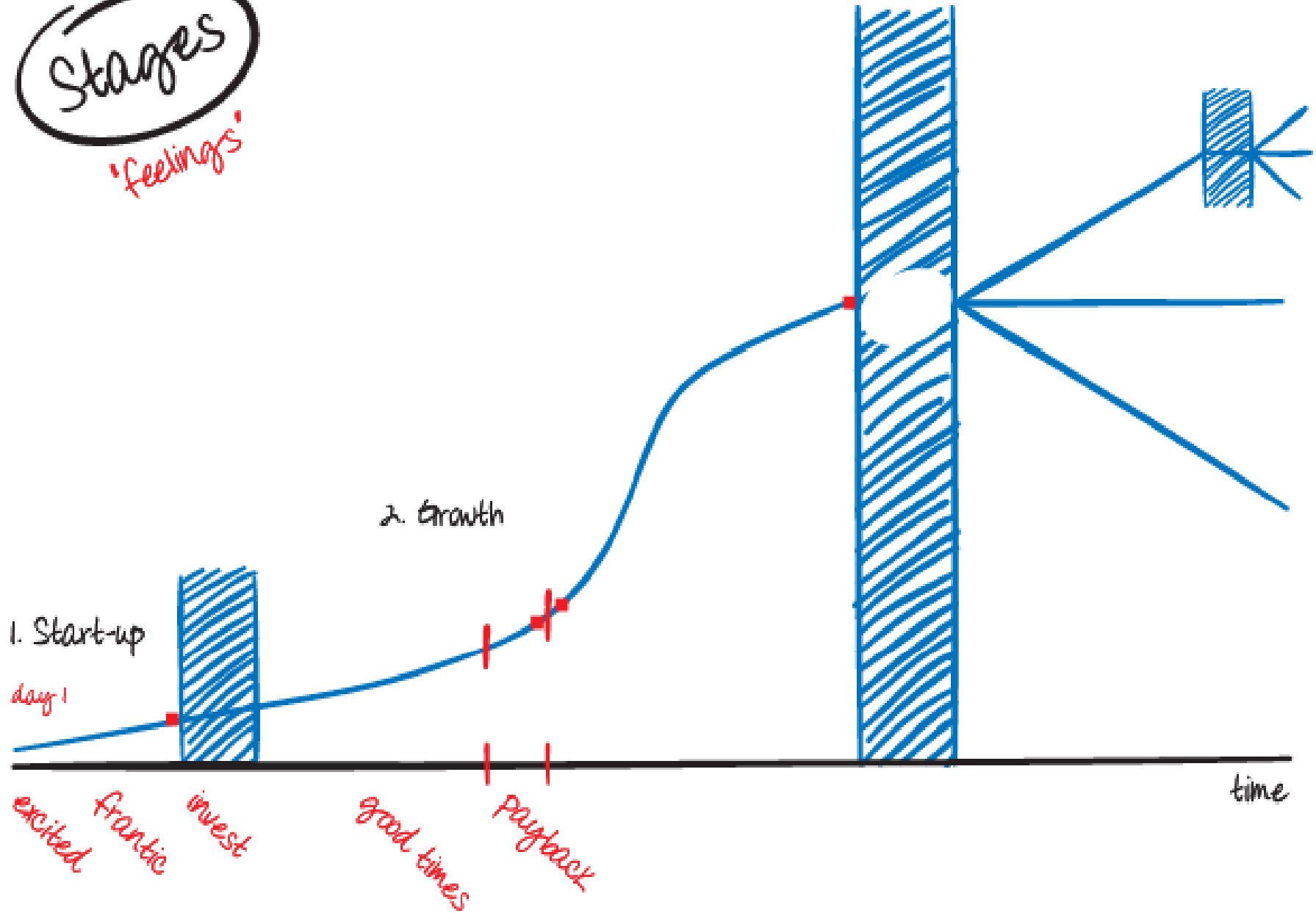
Stages

'feelings'



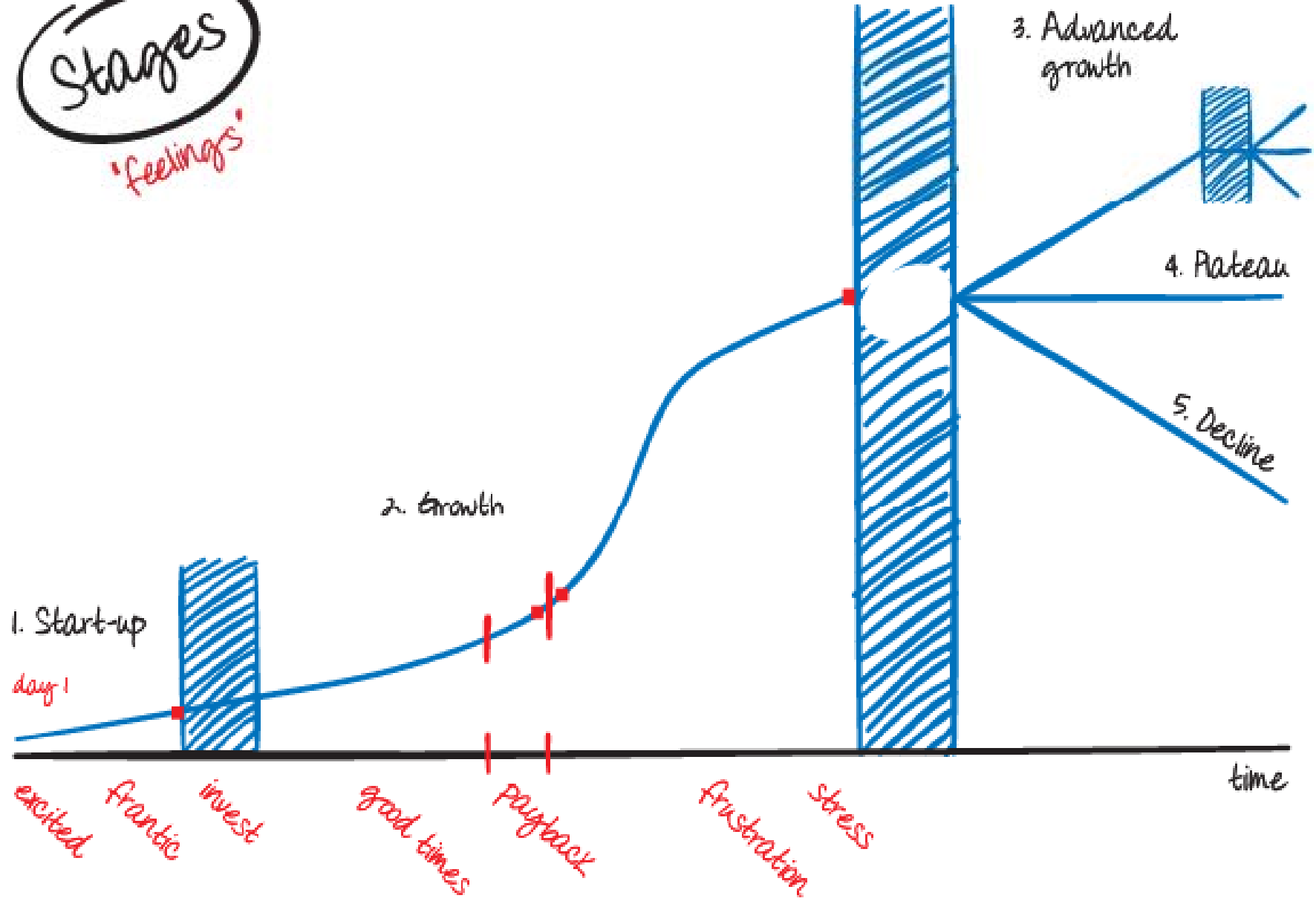
Stages

'feelings'



Stages

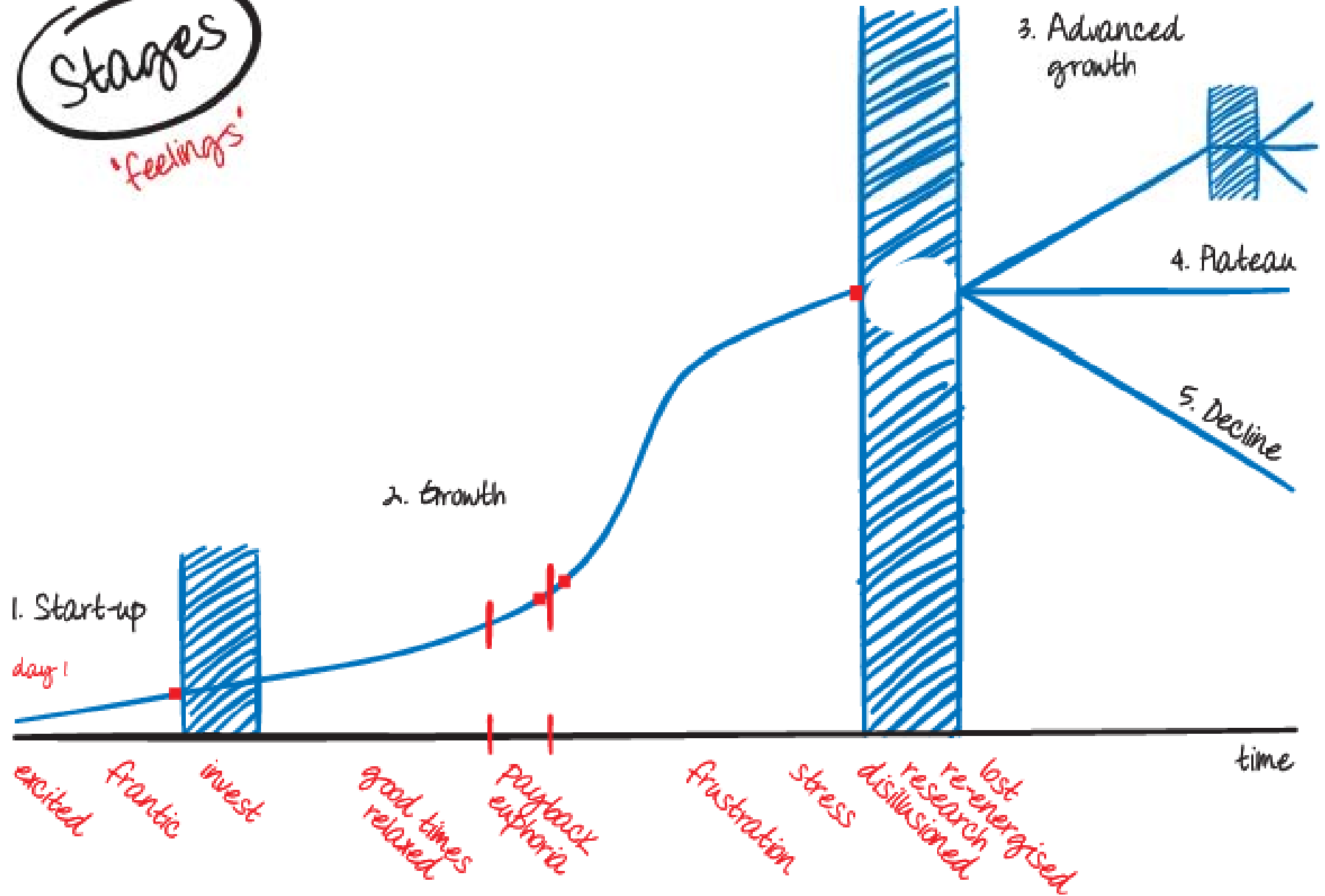
'feelings'



.....

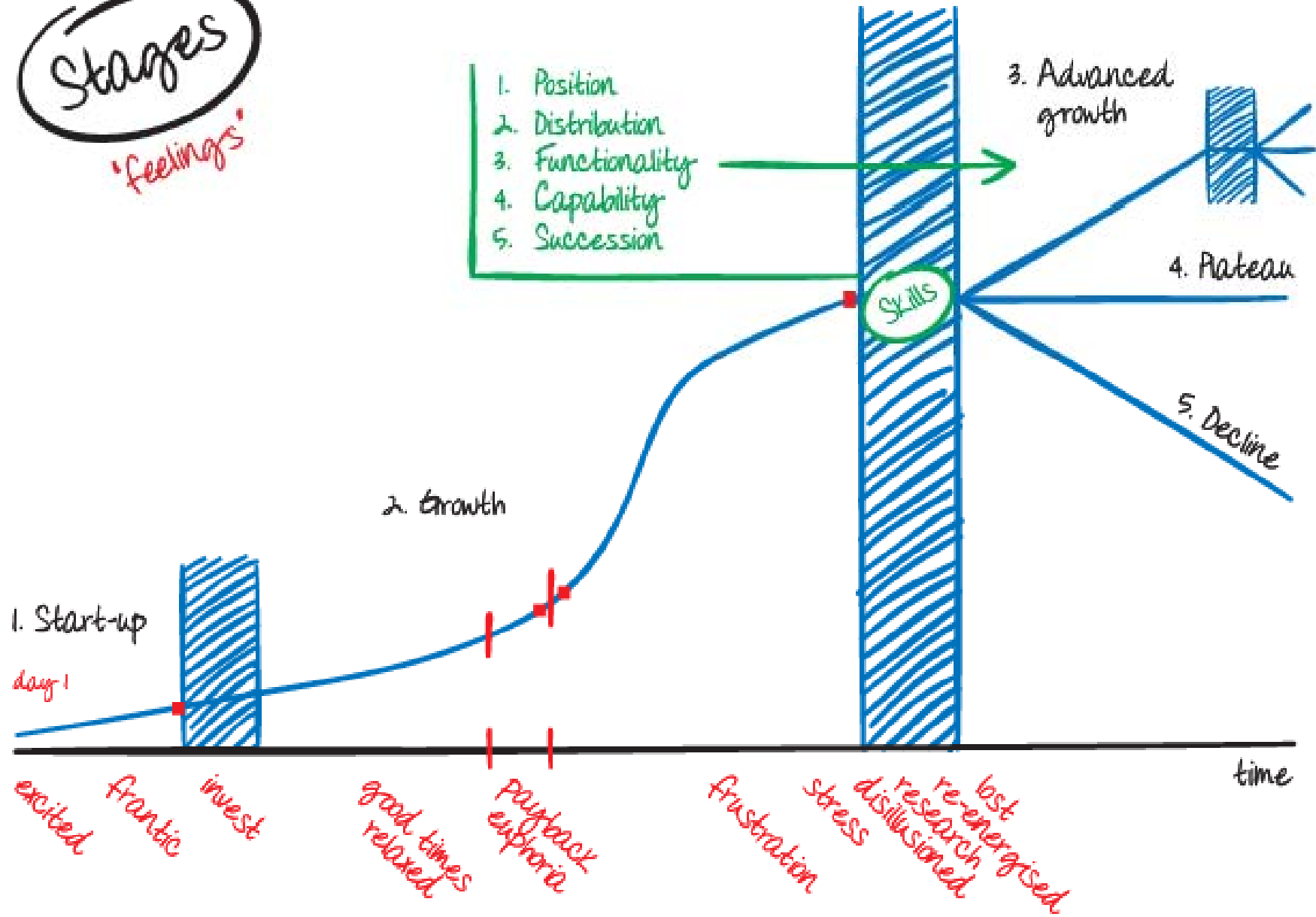
Stages

"feelings"



Stages

"Feelings"





— End of Presentation —

Shirlaws
Love business.



Difficulties of Vietnamese SMEs through Living Examples

Nguyen Huong Tra
Associate Expert
Bureau for Employers' Activities
Vietnam Chamber of Commerce and Industry

Presentation Overview

1. Difficulties of SMEs

Weaknesses

- Quality improvement
- Brand name
- Finance
- Strategic management
- PR/ marketing
- Human resource
- Innovation

Threats

- Administrative requirements
- Law/ contract honoring
- Social prejudice
- Pressure from SOE giants

2. Needs for Government support

Difficulties of SMEs - Weakness (1)

- Improvement of quality of products/ services

Example:

- GMP quality assurance system for animal feed producers (country-wide)

Difficulties of SMEs - Weakness (2)

- Brand name

Example:

- 98% SMEs do not have any branding strategy (Survey of NEU Business School, Hanoi, Jan. 2008)

Difficulties of SMEs - Weakness (3)

■ Finance

Example:

- In application for a bank loan, SMEs cannot meet the requirements that they should not have to meet (Former Chairman of State Bank of Vietnam, Chairman of Vietnam SME Association)
- “Why should I afford 4% when it costs them only 2.5%?” (AFD Euro loan for rural SMEs via Agribank)

Difficulties of SMEs - Weakness (4)

- Strategic Management

Example:

- Expansion of the notebook binder into paper production business (Hochiminh City, South East)

Difficulties of SMEs - Weakness (5)

- PR/ marketing

Example:

- Ceiling of PR/ marketing costs in annual income calculation (country-wide)

Difficulties of SMEs - Weakness (6)

- Human resource

Example:

- Where are good programmers? (IFI software company, Danang, South Centre)
- Alarming turnover rate of 12% (FPT Securities Company, Hanoi, Red River Delta)

Difficulties of SMEs - Weakness (7)

- Innovation

Example:

- New product development in sea-grass home furnishings manufacturers (Ninh Binh Province, North Centre)

Difficulties of SMEs - Threat (1)

■ Administrative requirements

Example:

- “According to MY Enterprise Law you have to wait for another 15 days.” (Government official of Business Registration Office, Hanoi, in response to business license application of Lucky International Company)
- “Can you do another business at your filling station?” (People’s Committee of Thanh Ba District, Phu Tho Province, in response to Viet Trung private enterprise, North West)

Difficulties of SMEs - Threat (2)

- Law/ contract honoring

Example:

- Dishonor of court verdict by People's Committee of Ha Giang Province against Song Lo mining company (Ha Giang Province, North West)

Difficulties of SMEs - Threat (3)

- Social prejudice

Example:

- “Don’t marry him. Only jobless guys work at a private firm.” (love story of an IT business owner, Ninh Binh Province, North Centre)

Difficulties of SMEs - Threat (4)

- Pressure from SOE giants

Example:

- Subsidy for that State-owned guy and nothing for you (SOE vs. private enterprise in rural water supply market, Lai Chau and Lao Cai Provinces, North West)

2. Needs for Government support

- Simplified & transparent administrative requirements
- Land access
- Finance access
- Trade promotion
- Capacity building & competitiveness enhancement
- Human resource and labor market development
- Improved laws/ policy-making
- Law/ contract enforcement
- Improved social attitude
- Better planning and focus of public investment
- Even playing field with SOE giants

Enhancing Entrepreneurship for SMEs

Hanoi 17 20 June 2008

APEC SME WG

**An overview of SMEs in the APEC Economy;
the contribution of the Entrepreneurial Engine**

Chris Hall

Macquarie Graduate School of Management

PECC SME Network Leader

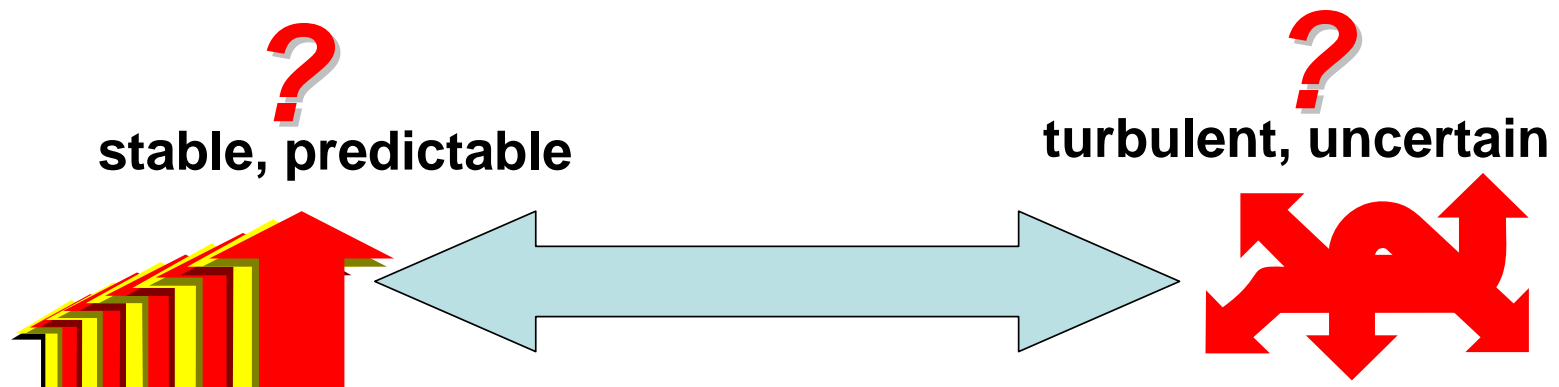
Chris.Hall@bigpond.com



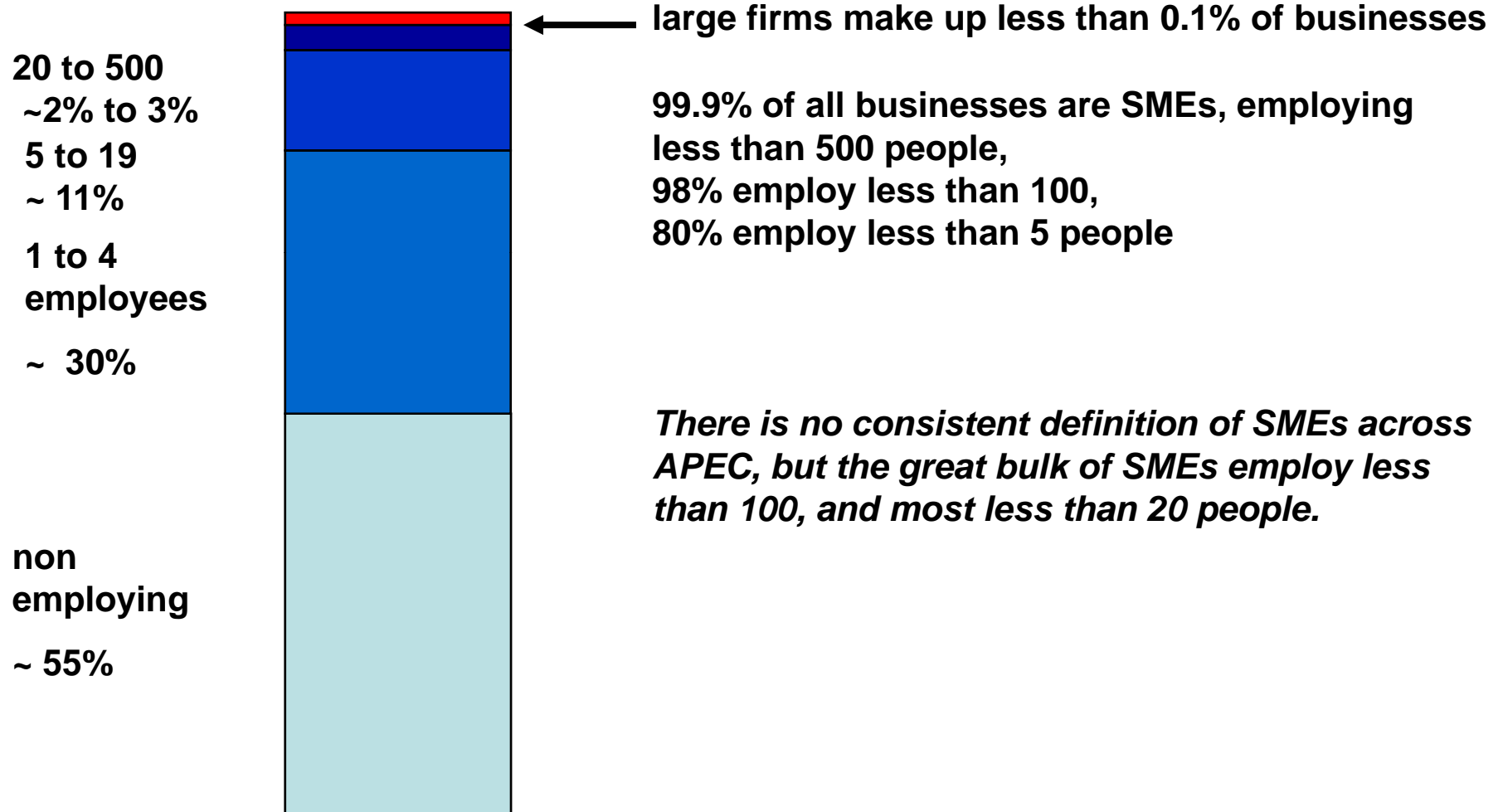
PACIFIC ECONOMIC COOPERATION COUNCIL



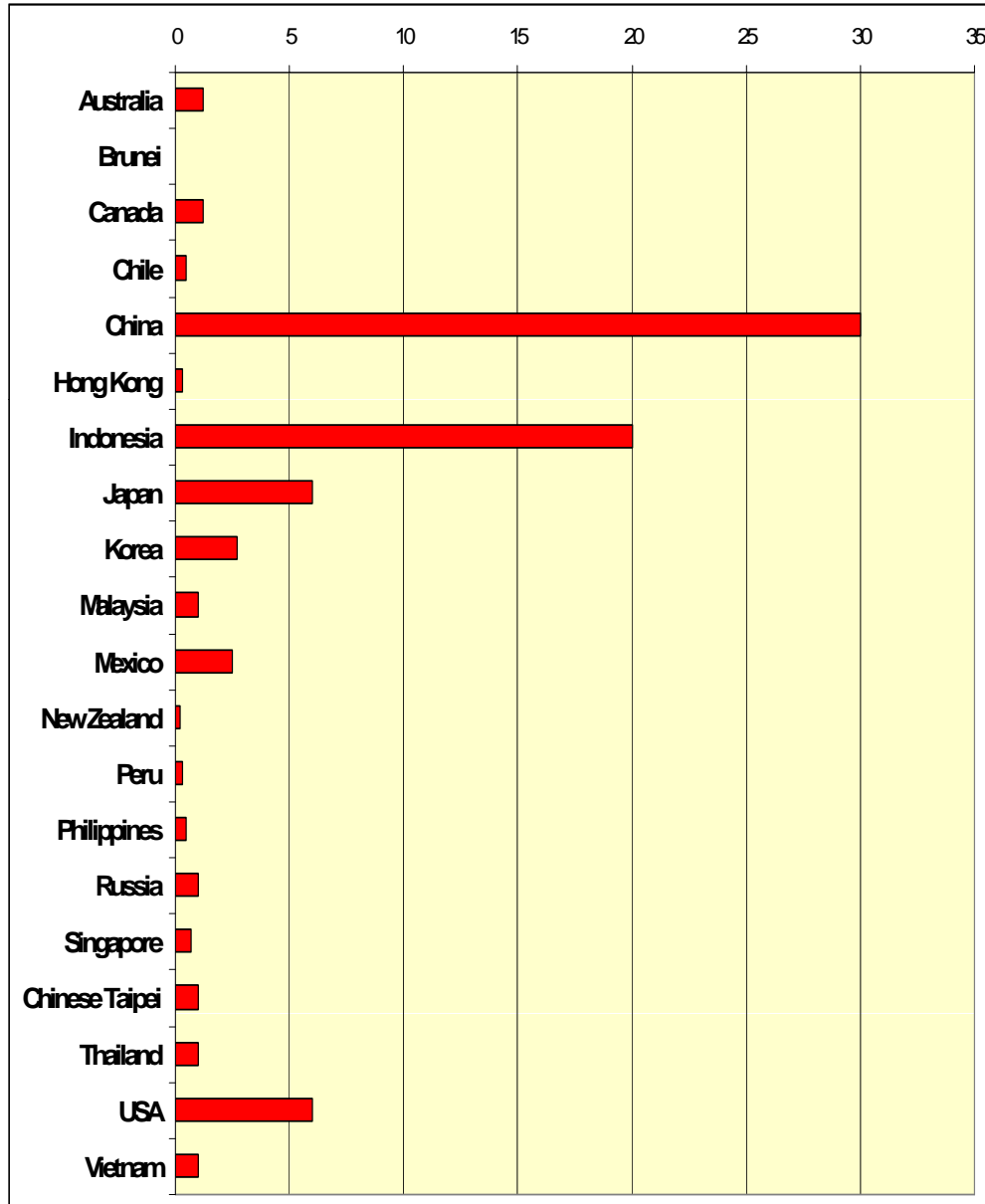
**what sort of business environment is best for
entrepreneurs and firm creation?**



What is an SME?

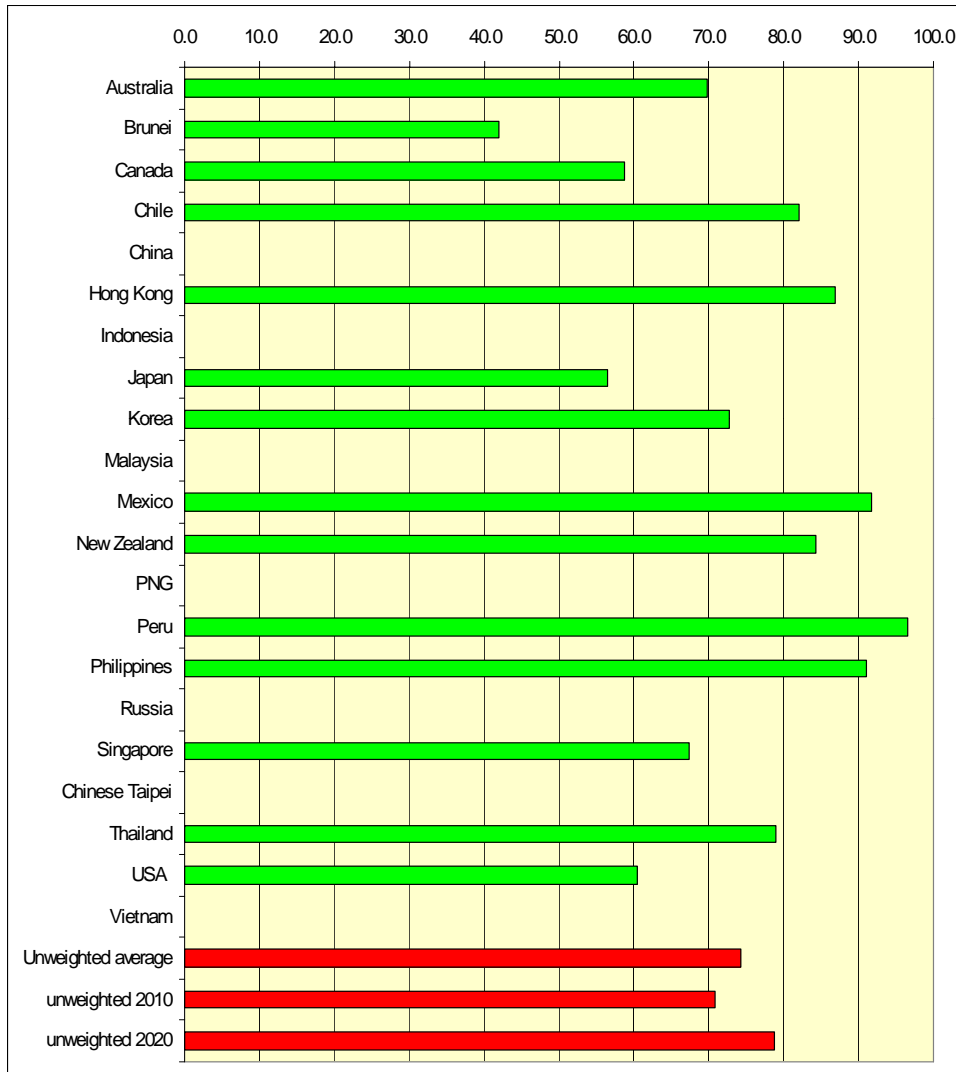


How many SMEs are there in APEC?



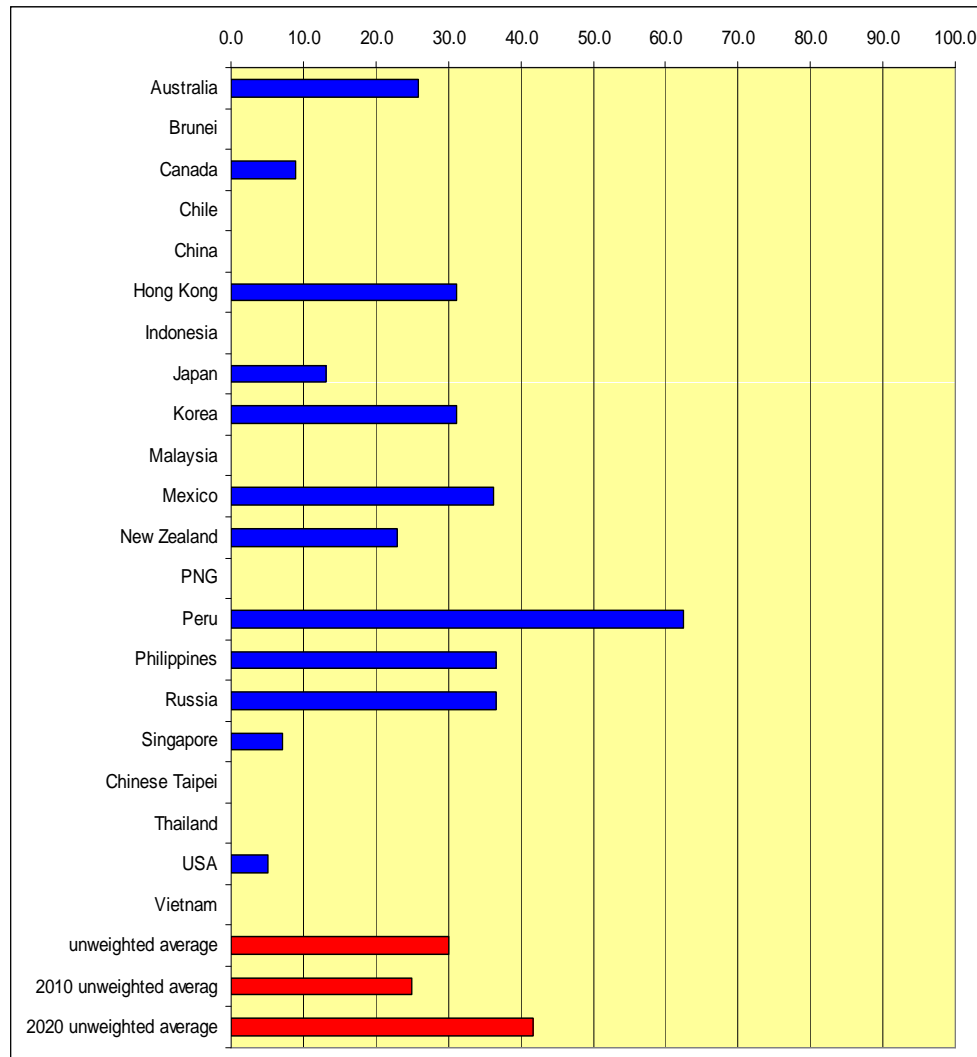
There are now about 77 million SMEs in APEC, about 30 million of them in China, but there should be about 100 to 120 million

Micro SMEs are especially important in developing APEC



**Micro firms
(defined as < 5
employees)
make up around
70% to 80% of all
private sector
enterprises in
APEC,
and their role is
relatively more
important in 2020
economies**

Micro SMEs are especially important in developing APEC



Micro enterprises contribute about 25% to 40% of all private sector employment in APEC, and their role is more important in 2020 economies

What do these SMEs contribute?

Medium 19 to
500 or so

Small
5 to 19
employees

Micro less
than 5
employees

about 80%
of SMEs



large firms make up less than 0.1% of businesses, contribute between 40% and 60% of employment, and about 50% of GDP.

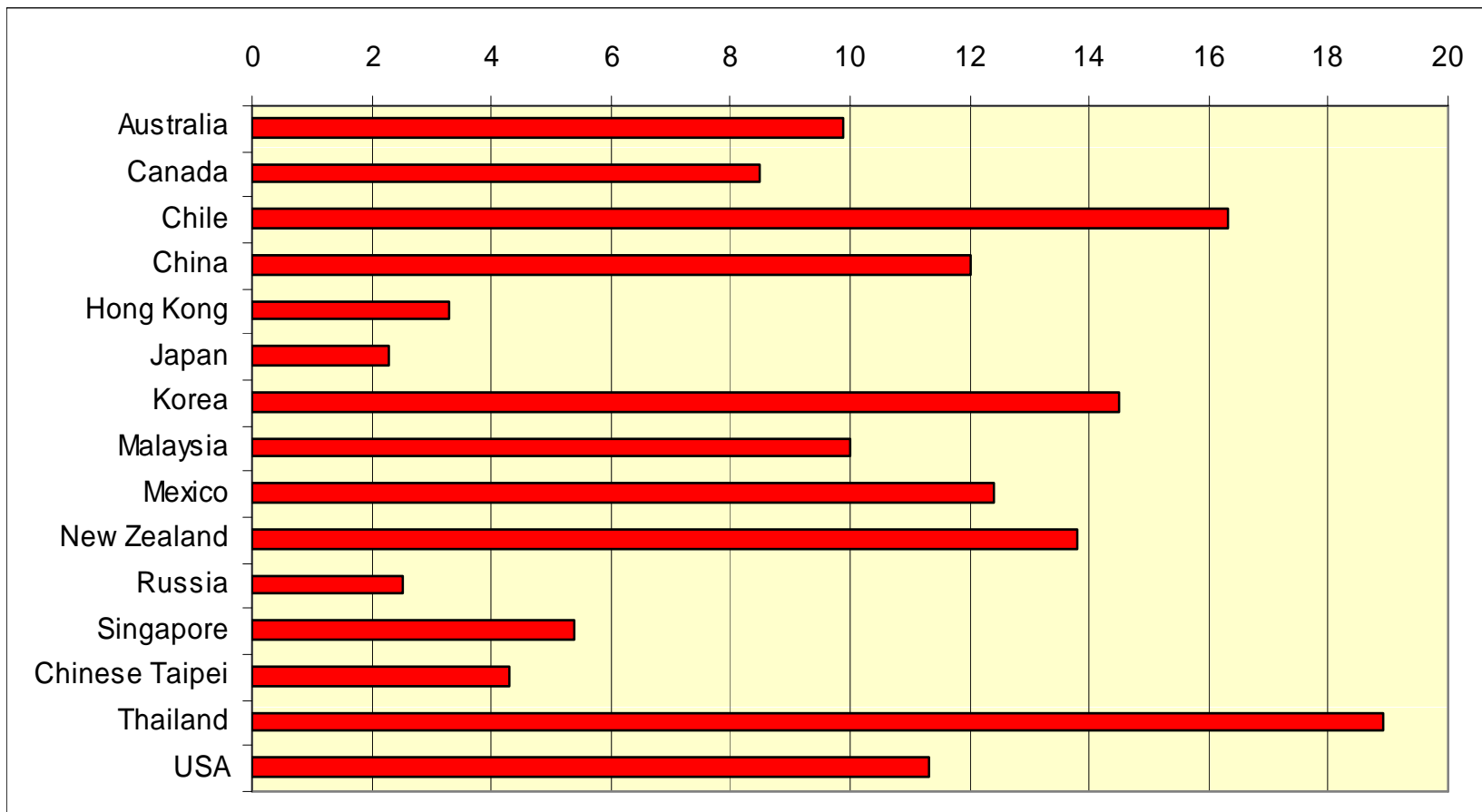
Large firms usually destroy jobs, ie are net job destroyers

SMEs contribute about half of GDP, and about half of all jobs. About 20% of jobs are from medium, 20% from small and 20% from micro

But SMEs, especially new micro and small enterprises create most of the job growth.

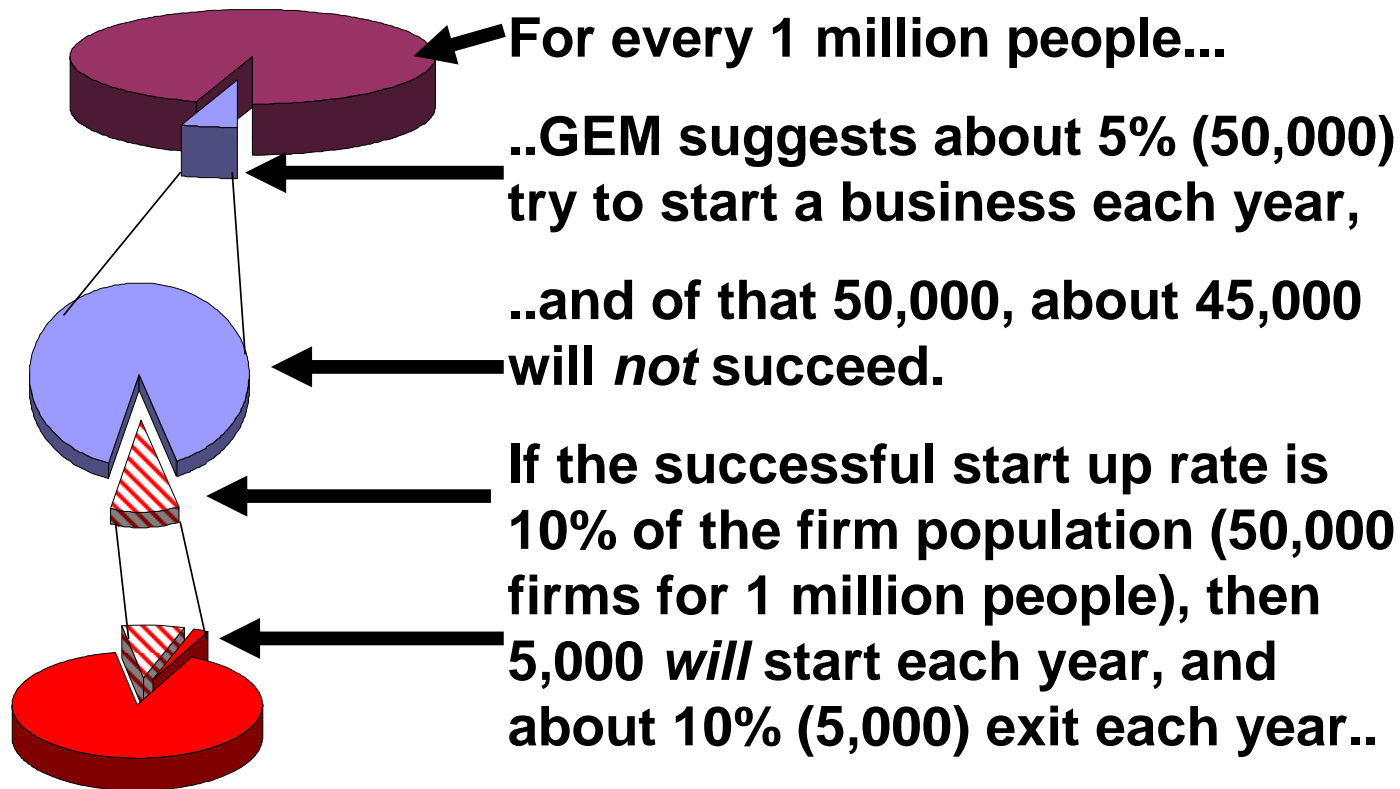
Most SMEs start with an entrepreneur, and entrepreneur rates differ

GEM TEA (Total Entrepreneur Activity) Rates for APEC Economies 2003 Percent of Adult population starting or running a business less than 42 months old

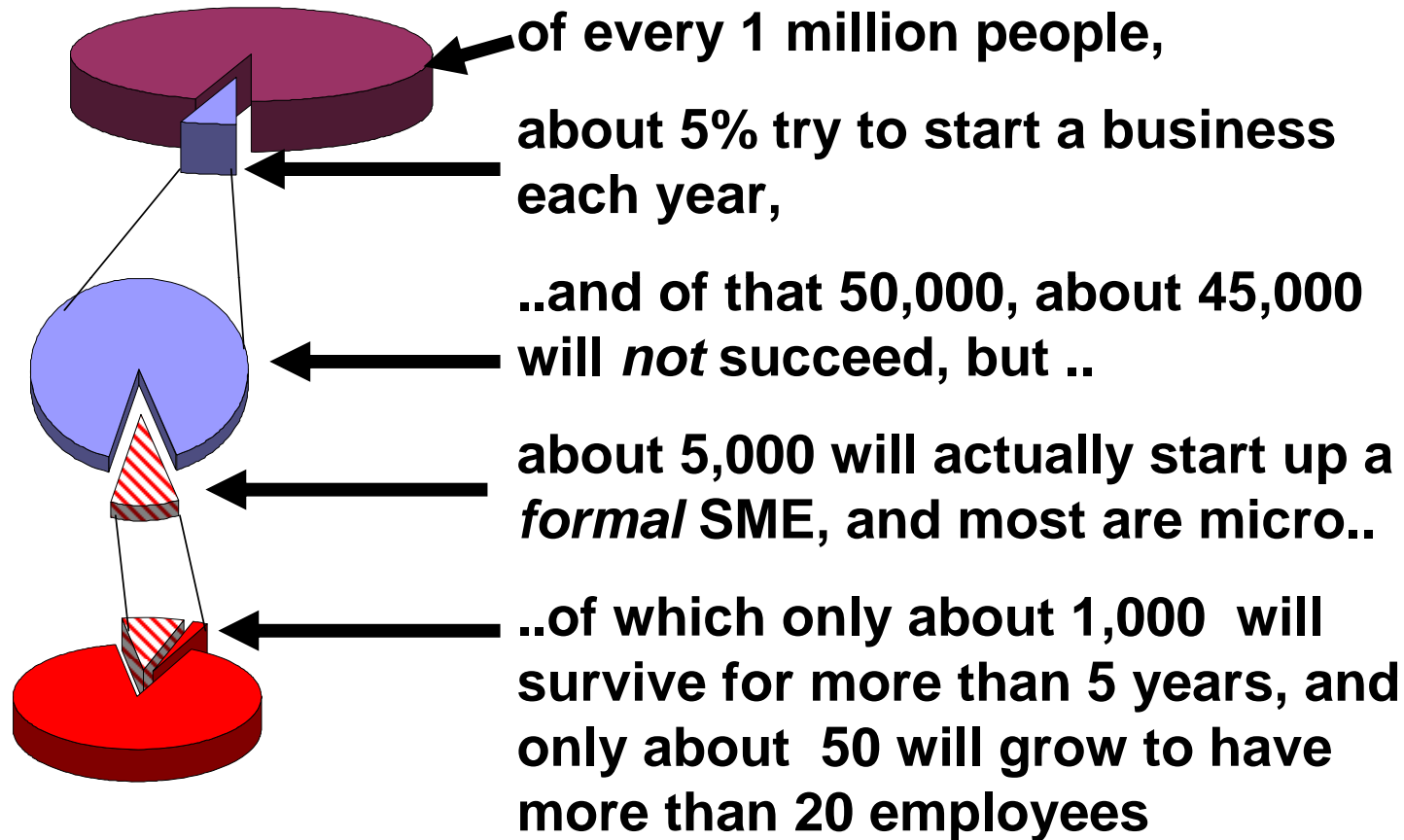


Not all entrepreneurs who think about it actually start an SME

**Entrepreneur densities suggest
5% of the population run an SME**



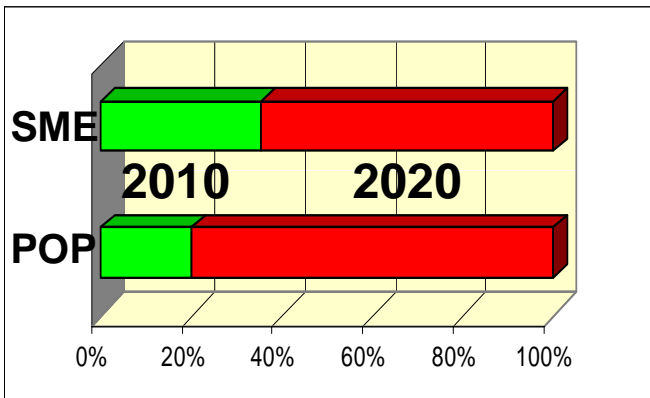
and even less succeed, but an entrepreneur density is about 5%



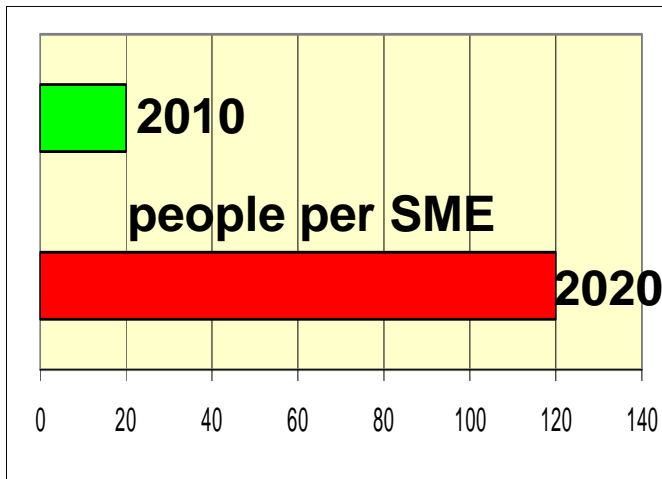
Benchmark SME density is 5%...

Developing APEC usually falls short of formal entrepreneurs

a 5% benchmark suggests that 1 in 20 persons should have experience in managing a formal SME, but ...



2010 economies have 19% of APEC's human population but have 35% of the SMEs. China has half of APEC's population but only 18% of APEC's SMEs.



2010 economies have about 20 people per SME, while 2020 economies have about 120 people per SME - there is a shortage of about 70m entrepreneurs in APEC!

How does the entrepreneurial Engine work?

about 1%
of firms

Large firms employ about half the workforce,
but add relatively few net jobs

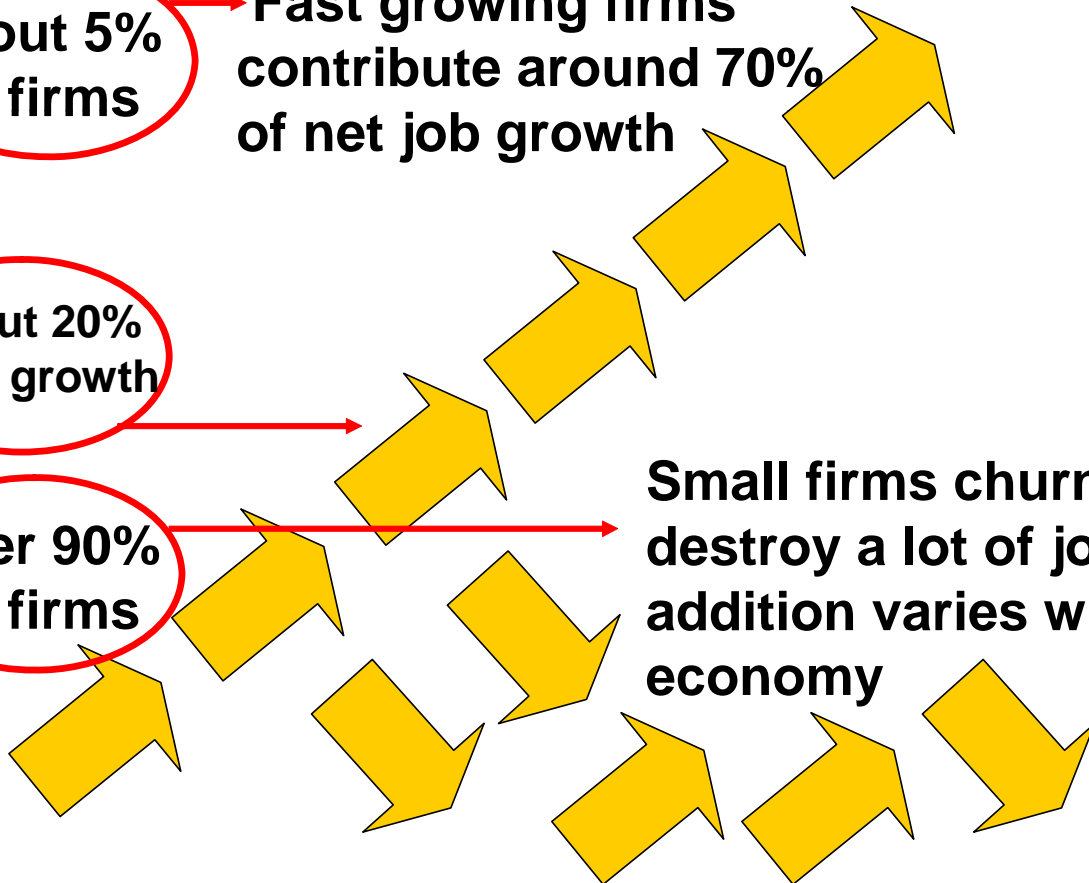
about 5%
of firms

Fast growing firms
contribute around 70%
of net job growth

about 20%
seek growth

over 90%
of firms

Small firms churn, add and
destroy a lot of jobs, - net
addition varies with cycle and
economy

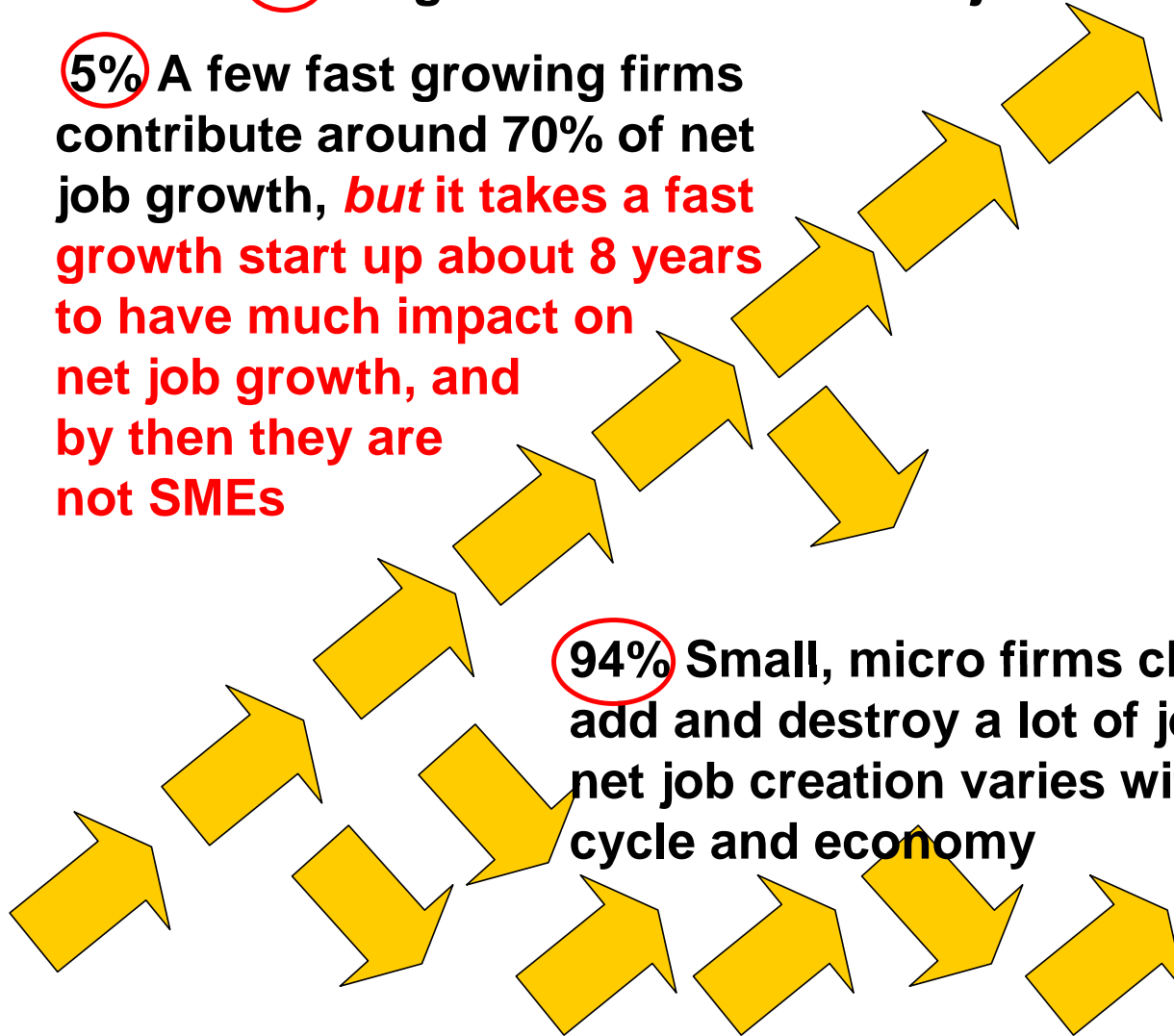


so the engine has a fairly long cycle of 8 years or more

1% Large firms tend to be net job destroyers

5% A few fast growing firms contribute around 70% of net job growth, *but it takes a fast growth start up about 8 years to have much impact on net job growth, and by then they are not SMEs*

94% Small, micro firms churn, add and destroy a lot of jobs, - net job creation varies with cycle and economy



and is underpowered in APEC

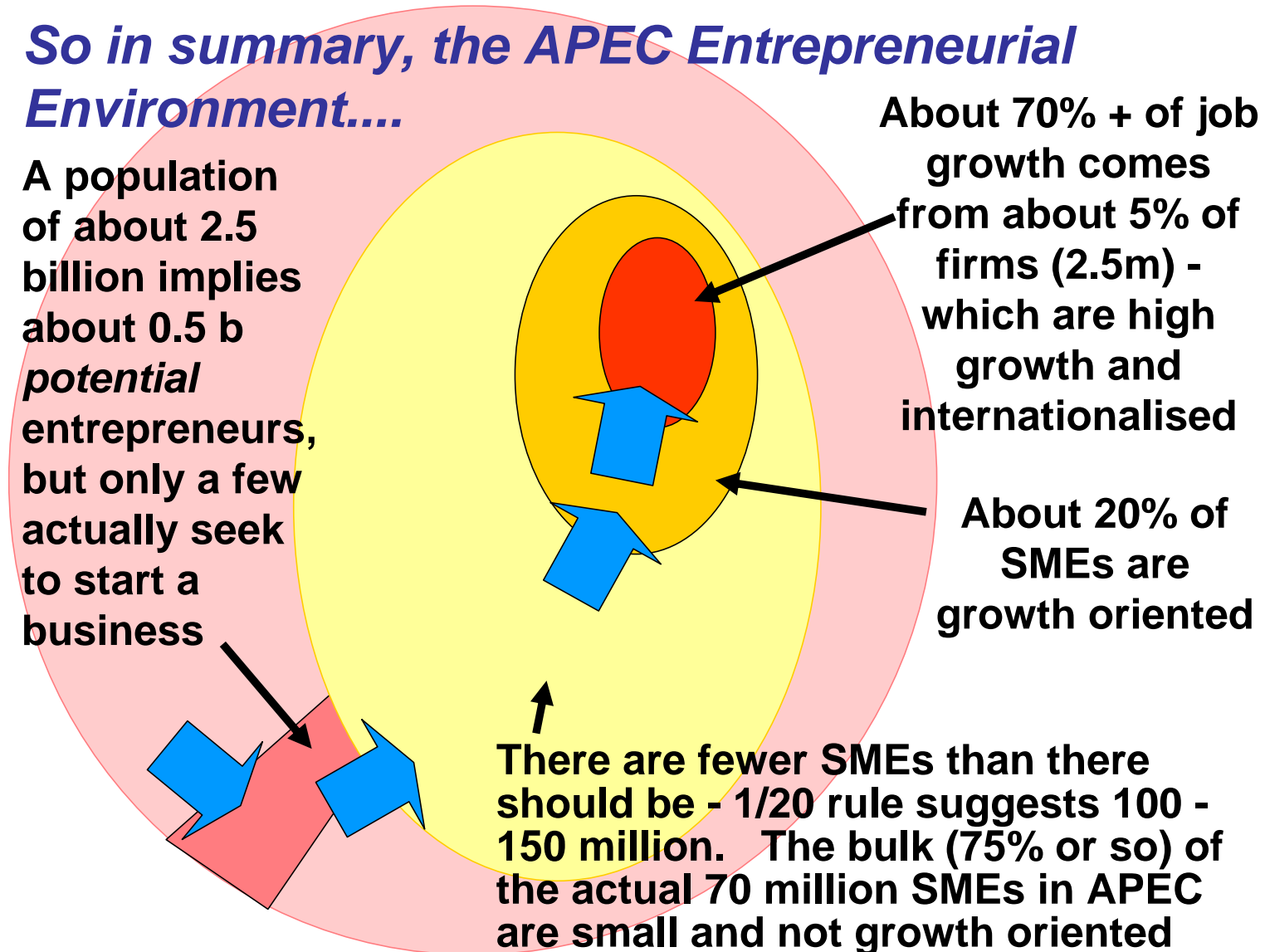
So in summary, the APEC Entrepreneurial Environment....

A population of about 2.5 billion implies about 0.5 b *potential* entrepreneurs, but only a few actually seek to start a business

About 70% + of job growth comes from about 5% of firms (2.5m) - which are high growth and internationalised

About 20% of SMEs are growth oriented

There are fewer SMEs than there should be - 1/20 rule suggests 100 - 150 million. The bulk (75% or so) of the actual 70 million SMEs in APEC are small and not growth oriented



The Entrepreneurial Engine is what drives economies...

Not all Entrepreneurs are the same!

percent of adult population

actual entrepreneurs ~5%

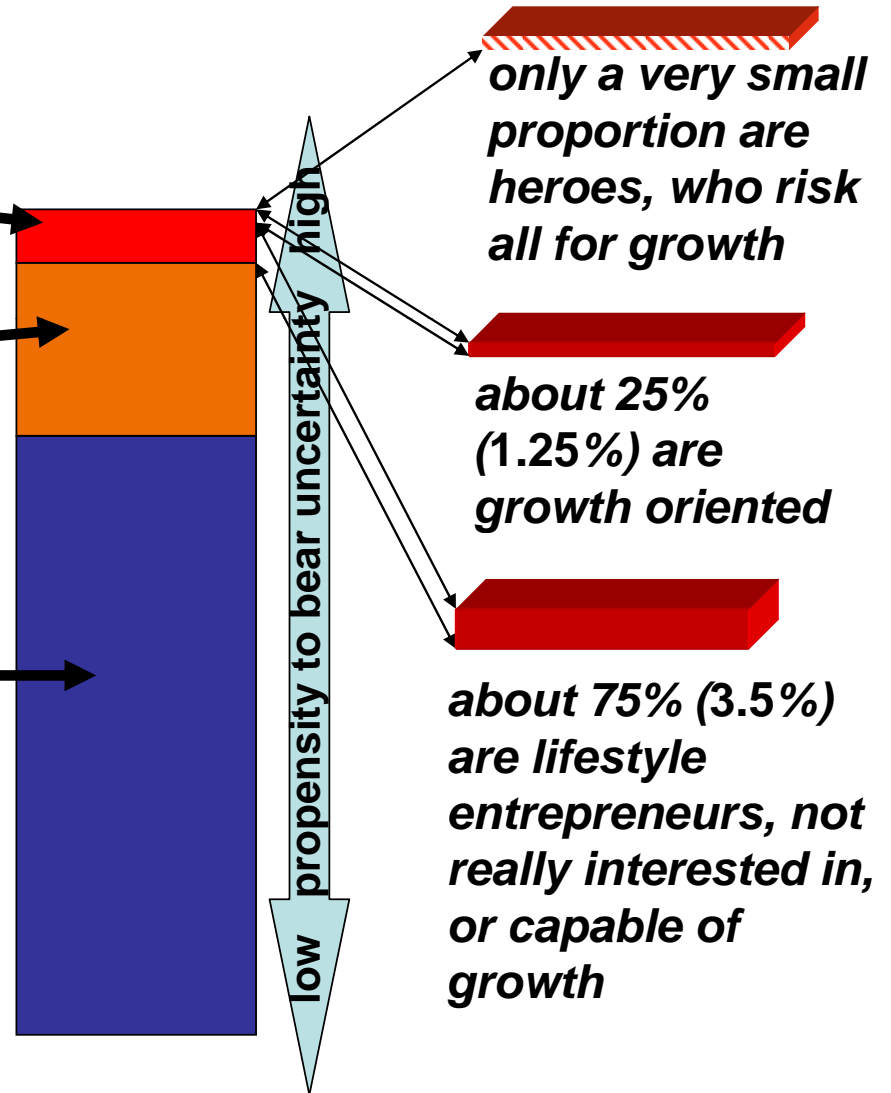
willing to bear some
uncertainty

aspiring entrepreneurs ~ 20%

non entrepreneurs 75%

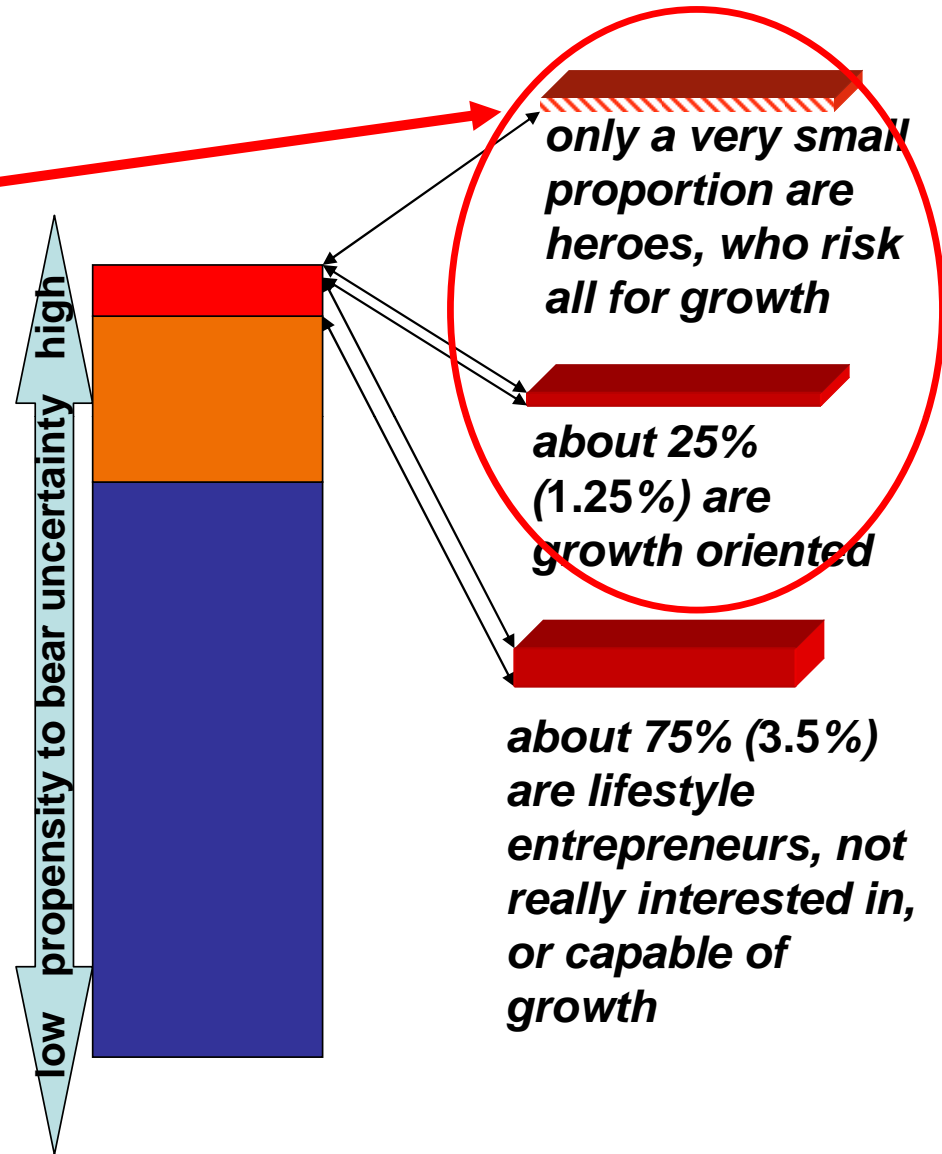
wage earners,
professionals etc

less willing to bear
uncertainty and risk



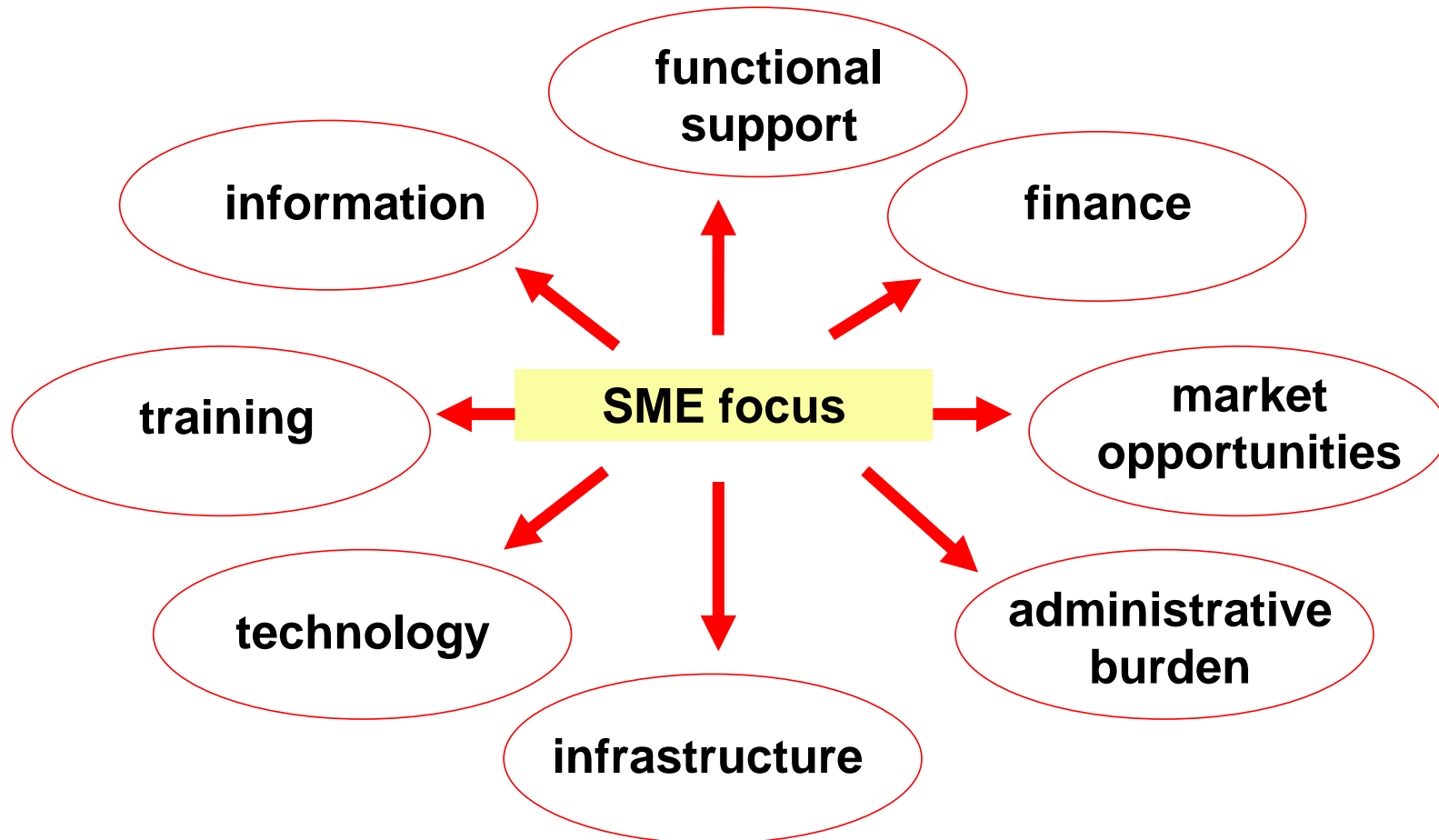
...and depends on less than 5% of the population...

But it is this small proportion of the adult population (about 1% or less) and less than about 5% of SME population that drive international success, provide much of the resilience, and create around 70% of net jobs!!



..who need appropriate government and private sector support

SMEs can benefit from government support in...



..but needs differ by enterprise, and a chain is as strong as its weakest link.

and this requires a careful balance of policy and programs

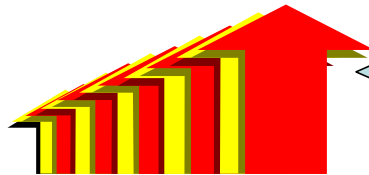
The political challenge facing APEC in designing the business environment best for entrepreneurs and firm creation

suited to lifestyle,
large businesses,
wage earners

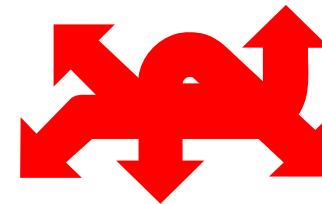
stable, predictable

suited to fast
growing international
opportunists

turbulent, uncertain



environment suited
to electoral
popularity and most
micro enterprises
and start ups



environment suited
to creating new
jobs, innovation
and international
competitive
advantage

**Overview of the role of SMEs in the economy and contribution
of entrepreneurs to the entrepreneurial engine**

**FDI by and in SMEs in Global
Context: Implications for
developing countries in APEC**

**APEC Training course on Enhancing
Entrepreneurship for SMEs**

17-19 June 2008

Ha Noi, Viet Nam

Masataka Fujita

Chief, Investment Trends Section

UNCTAD

Phone: (41-22) 917 6217

Fax: (41-22) 917 0194

E-mail: Masataka.Fujita@unctad.org

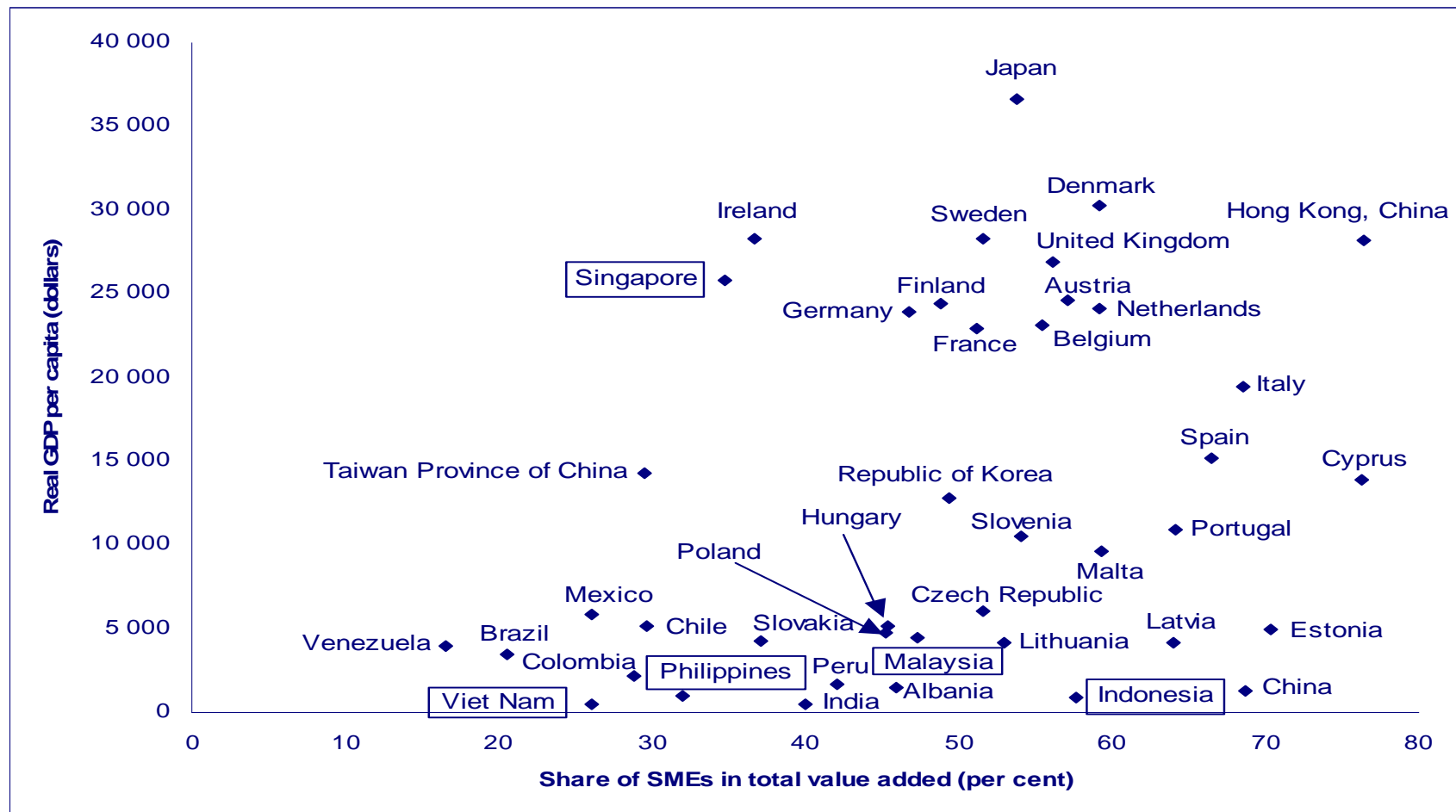


Contents

- I. SMEs in global context**
- II. FDI by SMEs**
- III. Small and medium-sized TNCs:
characteristics and impacts**
- IV. Problems faced by small and medium-sized
TNCs**
- V. Policy options for developing member
states of APEC**

Importance of SMEs varies even at the same level of economic development

The relationship between the importance of SMEs and the level of development



SMEs are generally important in all economies (judging by the number of employees), but the importance differs.

SMEs as percentages of total value added and employment in selected countries, most recent available years

Economy	Year	Value added	Employment
<i>Developed countries</i>			
France	2003	51.1	60.3
Germany	2005	46.7	70.8
Italy	2003	68.6	81.0
Japan	2004	53.8	71.0
Portugal	2003	64.2	80.6
Spain	2003	66.5	79.2
United Kingdom	2005	56.1	52.0
United States	2004	..	50.9
<i>Developing economies</i>			
China	2004	68.7	85.2
Hong Kong, China	2004	76.4	76.9
Indonesia	2003	57.6	99.4
Malaysia	2005	47.3	65.1
Philippines	2001	32.0	70.0
Singapore	2005	34.7	51.8
Thailand	2006	..	68.1
Viet Nam	2004	26.0	77.5

When attempting at SMEs policy formulation and policy coordination among APEC members, it is important to remember that FDI by SMEs in particular can play a determinant role.

In terms of number, there are many small TNCs

All TNCs

Small and medium-sized TNCs

77,000 TNCs



40,000 TNCs

770,000 affiliates abroad



120,000 affiliates abroad

Small and medium-sized TNCs are more export-oriented and more transnationalized than large TNCs. In delivering goods and services to foreign markets, they use both exports and FDI.

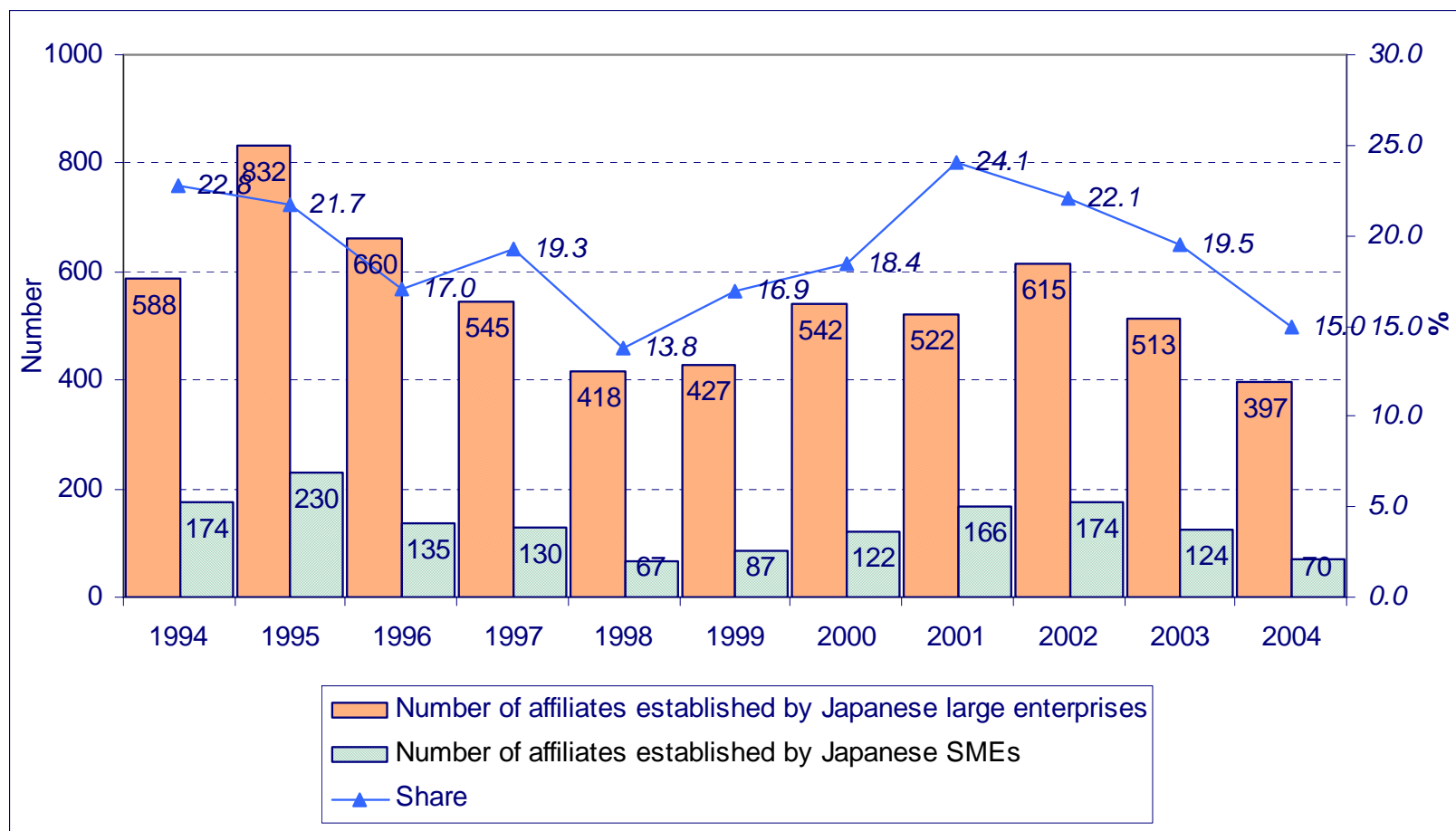
How different between small investors (small and medium-sized TNCs) and large investors (large TNCs)?

By size	Transnationality		Profitability: Ratio of net income to sales	Mode of delivery: exports or int'l production	
	Ratio of foreign sales to total sales	Ratio of foreign assets to total assets		Export propensity (exports/sales)	international production to sales
Small and medium-sized TNCs	55%	40%	6%	0.26	1.6
Large TNCs	29%	7%	5%	0.16	2.6

II. FDI by SMEs

Involvement in FDI by SMEs varies: Japan 1/5,
United States and Europe less than 5% of total FDI.

Number of foreign affiliates established by Japanese SMEs and its share in all affiliates, 1994-2004

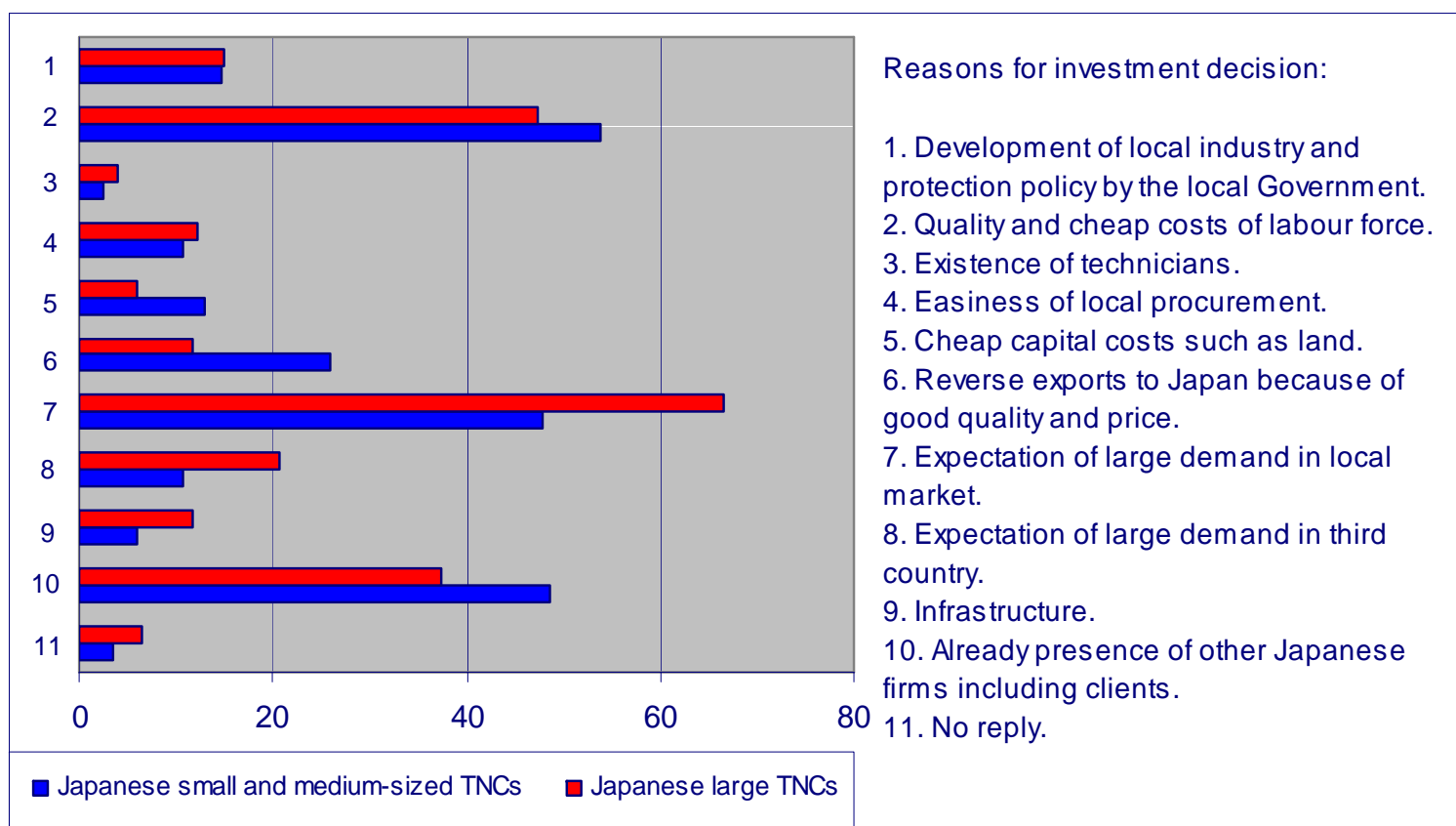


- Location of FDI by SMEs: mainly Asia for Japanese SME, mainly Europe for European SMEs, increasingly Asia for US SMEs.
- Industry breakdown. Small TNCs are more in textiles, capital-goods production (machinery and equipment) and trade (wholesale and retail trade).

II. FDI by SMEs

Reasons for FDI are various: the expectations of growth in local markets, low-cost labour, the presence of their clients in host economies are particularly important.

Reasons for FDI by Japanese SMEs, 2004



1. Characteristics

- High export propensity: 26% for small TNCs, 16% for large TNCs
- SMEs in medium-technology industries are most actively involved in FDI

Reasons:

- fewer cost advantages in home economies; thus internationalized.
- Little direct competition (rubber, furniture, niche products).

1. Characteristics (Cont'd)

- Subcontractor relationship with large firms and suppliers to other firms.
 - ➔ Bridge the technology gap between developed countries and ASEAN.
- Increasingly high-technology SMEs go to invest.
 - ➔ Greater relationship with large firms.

2. Contribution to development

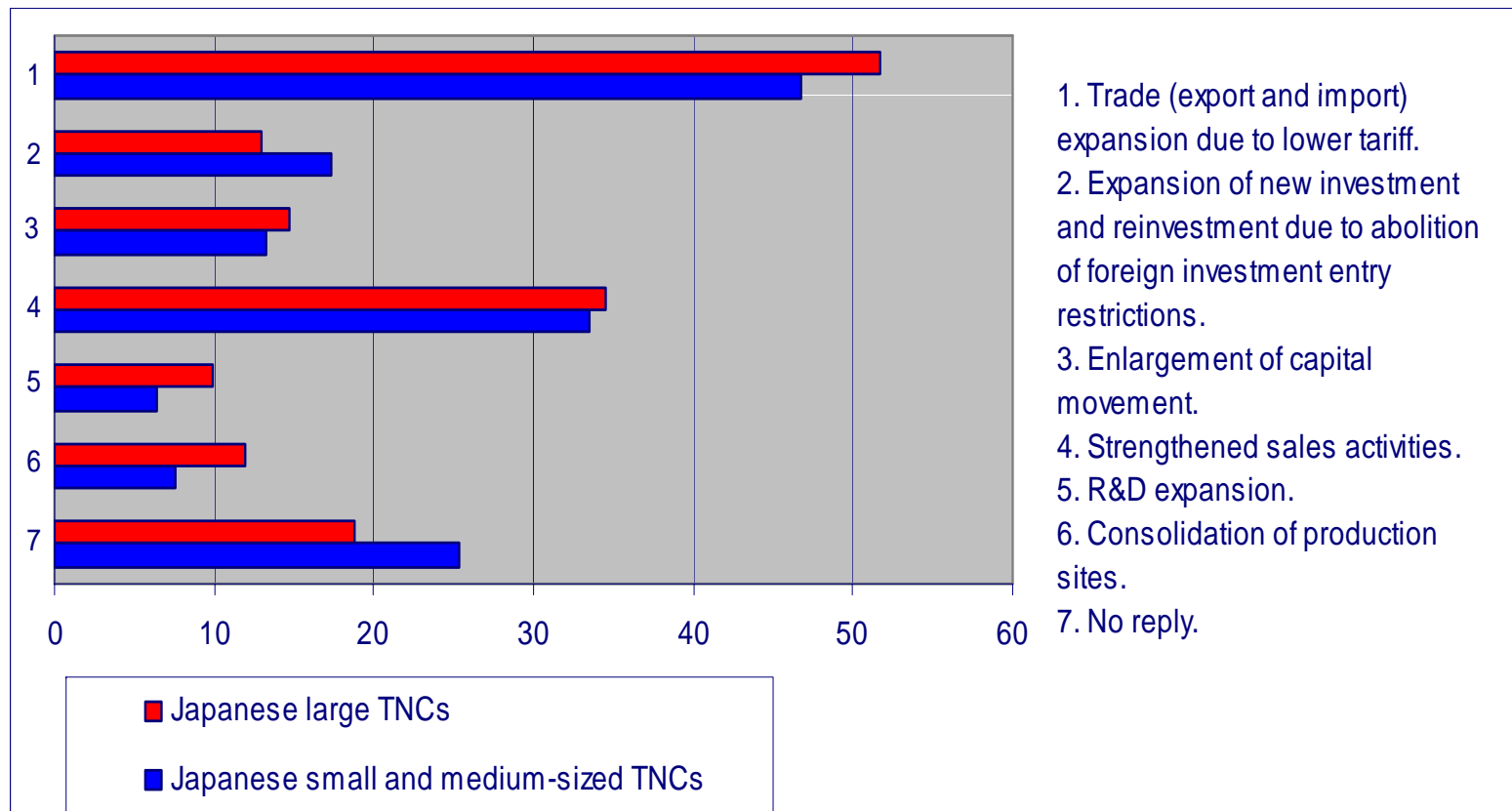
- SMEs in developed countries as an important reservoir of productive resources for developing countries
- Small TNCs can bring in technologies that may suit better the host country characteristics
- Competitive edge of small TNCs: 4 areas
 - Fill in the areas left open by large firms (diseconomies of scale or niche production)
 - Possess technologies phased out by large firms (mature technologies)
 - Downscale technologies to smaller markets (more labour-intensive, adapting to local factor proportions)
 - Cost advantages in simple and flexible organizational structure

2. Contribution to development (Cont'd)

- Higher export prosperity
 - Can advance regional integration process through intra-regional trade by SME affiliates
- FTA promotes more trade and strengthens sales activities of TNCs

2. Contribution to development (Cont'd)

Effects of FTAs on operations of Japanese large and small and medium-sized TNCs, 2004

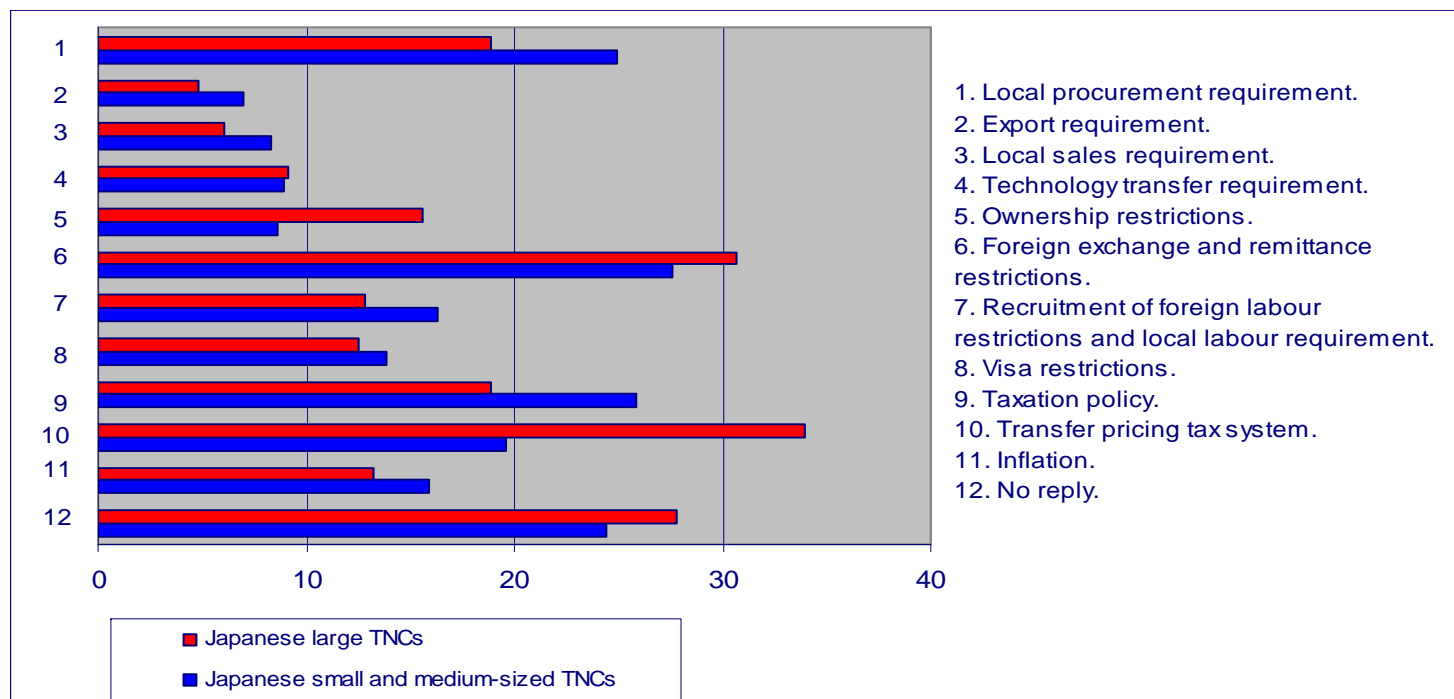


IV. Problems faced by small and medium-sized TNCs

Many SMEs are reluctant to invest abroad

- Investment policies: foreign exchange and remittance restrictions, taxation policies, local procurement requirement are particularly important for small TNCs

Problems encountered in host economy by Japanese large TNCs and small and medium-sized TNCs, 2004



**Many SMEs are reluctant to invest abroad
(Cont'd)**

- **Macroeconomic and cultural constraints**
- **Lack of managerial and human resources**
- **Lack of international experiences**
- **Preference for short-run goals**
- **Limited transfer capabilities**

1. Country and firm levels

a. Country level

- **Continued liberalization process**
- **Utilization of home country programmes**
- **Extension of coverage of domestic SME policies to foreign SMEs**
- **Creation of records of FDI by SMEs**
- **Infrastructure**

1. Country and firm levels (Cont'd)

b. Firm level

- **Increasing awareness of international business for local firms**
- **Assistance at the pre-project stage**
- **Assistance in the selection of partners**
- **Assisting local firms to access financial resources**

2. Regional and international levels

- Provision of expertise
- Coordination of policies
- Provision of information
- Intermediary role
- Centralization of SME FDI data
- Creation of database on potential SME investors
- Creating meeting opportunities

World at Night



(NASA)

Unimaginable Opportunities



(The World Islands, Nakheel Corp)

Open Societies



(U.S. Department of Defense)

Unimaginable Growth

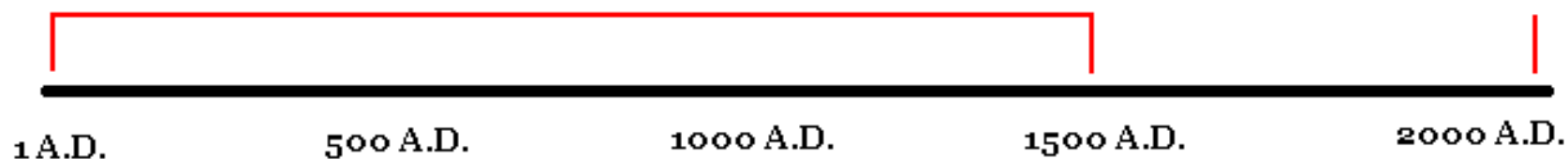
Global Per Capita GDP Growth (Constant U.S. Dollars)

\$50

1500 Years Growth
(1 A.D. - 1500 A.D.)

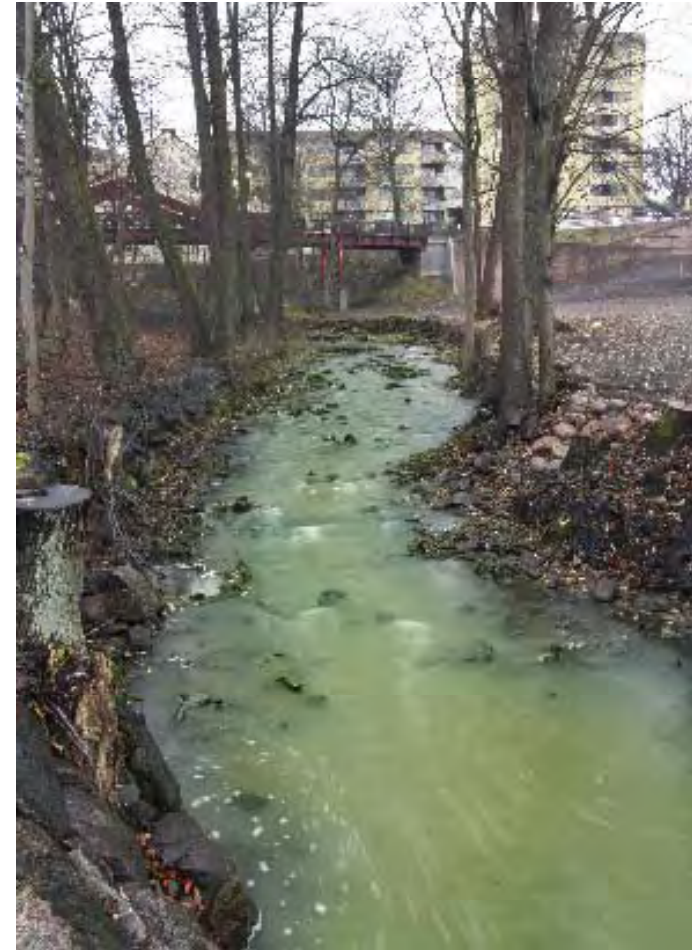
\$211

1 Year Growth
(2005 A.D.)

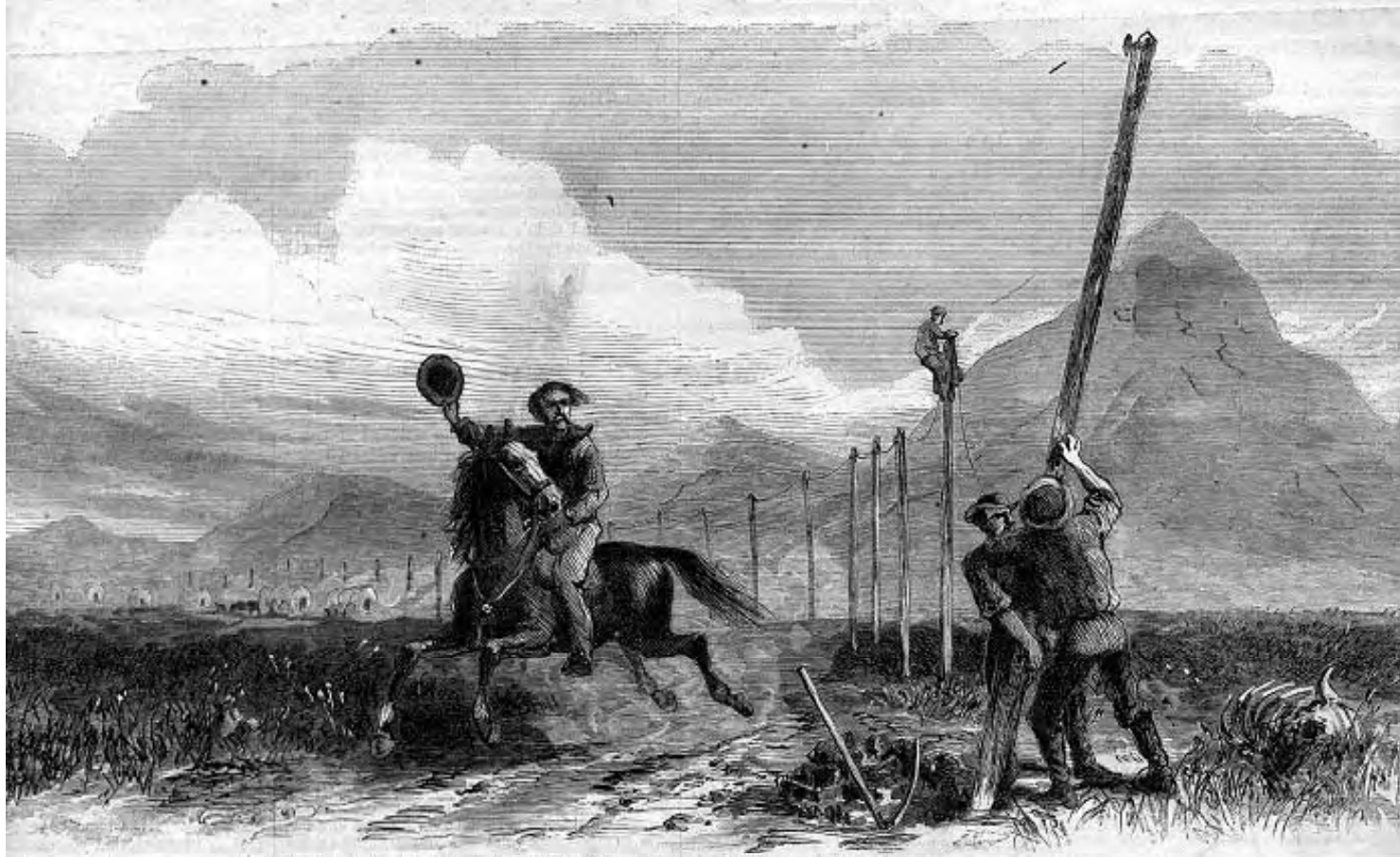


Sources: "Globalization, The Oldest 'New Phenomenon in History...'" Yeomin Yoon, Ph.D. United Nations Institute, May 2005; "World Economic Outlook Database", October 2007, International Monetary Fund; "International Database," U.S. Census Bureau.

Confronting Challenges Requires Economic Growth



Dynamic Job Market



(“The Overland Pony Express” – Harpers Weekly, 1867)

Unimaginable Change



Building Bridges



Entrepreneurship

70%

Jobs from SMEs

50%

Jobs from Companies
<5 years old

Dynamism Creates Opportunity



Kauffman Partnership

www.Entrepreneurship.gov

The screenshot shows the homepage of Entrepreneurship.gov. At the top left is the logo with the tagline "United by the power of ideas". A navigation bar contains "Resource Center", "News", "Events", "Global", and "About". A search bar is located at the top right. The main content area features a large article titled "Entrepreneurial Activity Remained Strong in 2007" with a line graph showing activity rates for men, women, and immigrants. Below this is a section for "Freedom is just another word for entrepreneurship" with a book cover for the "2008 INDEX of ECONOMIC FREEDOM". On the right, there are event listings for "Global Entrepreneurship Week" and "ABCDE 2008 South Africa". A sidebar on the left provides "Quick Access" and "Content Topics". An "e-newsletter" sign-up box is at the bottom left.

Entrepreneurship
United by the power of ideas

Search

Resource Center | News | Events | Global | About

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Entrepreneur
Global Business Policy
Investor
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Research & Academic

Content Topics
Finance & Accounting
People & HR
Sales & Marketing
Products & Services
Operations
The Entrepreneur

Entrepreneurial Activity Remained Strong in 2007
Major Shifts Among Men, Women and Immigrants, according to Kauffman Foundation Study
The rate of entrepreneurial activity among women dropped sharply in 2007 while the activity rate among men and immigrants surged, according to a national assessment of entrepreneurial activity by the Ewing Marion Kauffman Foundation.
[Read the whole story.](#)

Freedom is just another word for entrepreneurship
Heritage Foundation Releases 2008 Index of Economic Freedom. The Report explains that only in free societies can the renewing forces of entrepreneurship and innovation boost a nation's economic performance.
[Read the whole story.](#)

2008 INDEX of ECONOMIC FREEDOM

Events [All Events](#)
Global Entrepreneurship Week
Around the World
November 17 - 23, 2008
Millions of young people around the world are joining a growing movement embracing innovation, imagination and creativity.
[Event details](#)

Other Events
ABCDE 2008 South Africa
June 9 - 11, 2008
Subscribe to our event listing by RSS

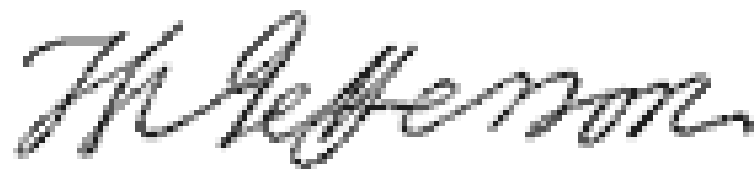
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Thomas Jefferson

I like the dreams of the
future better than the
history of the past.

A handwritten signature in cursive script, reading "T. Jefferson".



Enhancing Entrepreneurship for SMEs

Hanoi 17 -19 June 2008

APEC SME WG

Practical Examples of how Shirlaws have worked
with SMEs in helping develop their businesses

Lindsay Munns

Shirlaws Australia

Business Coach to the SME sector

lmunns@shirlawscoaching.com

Shirlaws
Love business.

Agenda

Case studies and examples

1. Cluster coaching – micro start-ups
2. Cluster coaching – growing businesses
3. Coaching to increase sale valuation



Shirlaws
Love business.

1. Cluster Coaching – Micro start-ups

- Disadvantaged group (long term unemployed)
- All at start-up or pre start-up phase
- Lacking confidence and commercial skills
- Group coaching, cluster support

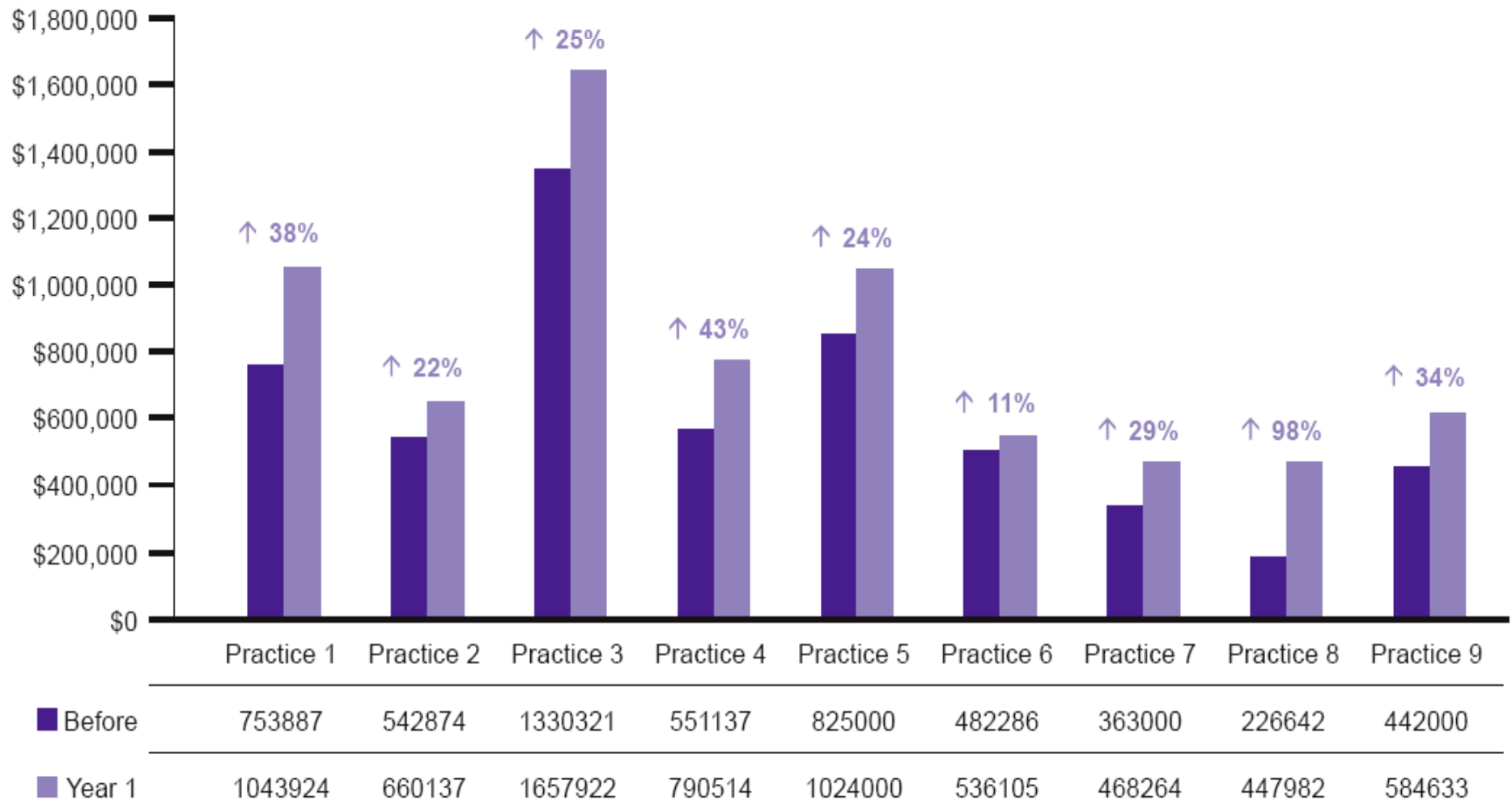


2. Cluster Coaching – Growing Businesses

- Independently owned optometry practices
- Employing between 3 and 6 staff
- Program run over 12 months
- Group provide peer support



Cluster Financial Results



3. Improving valuation on exit

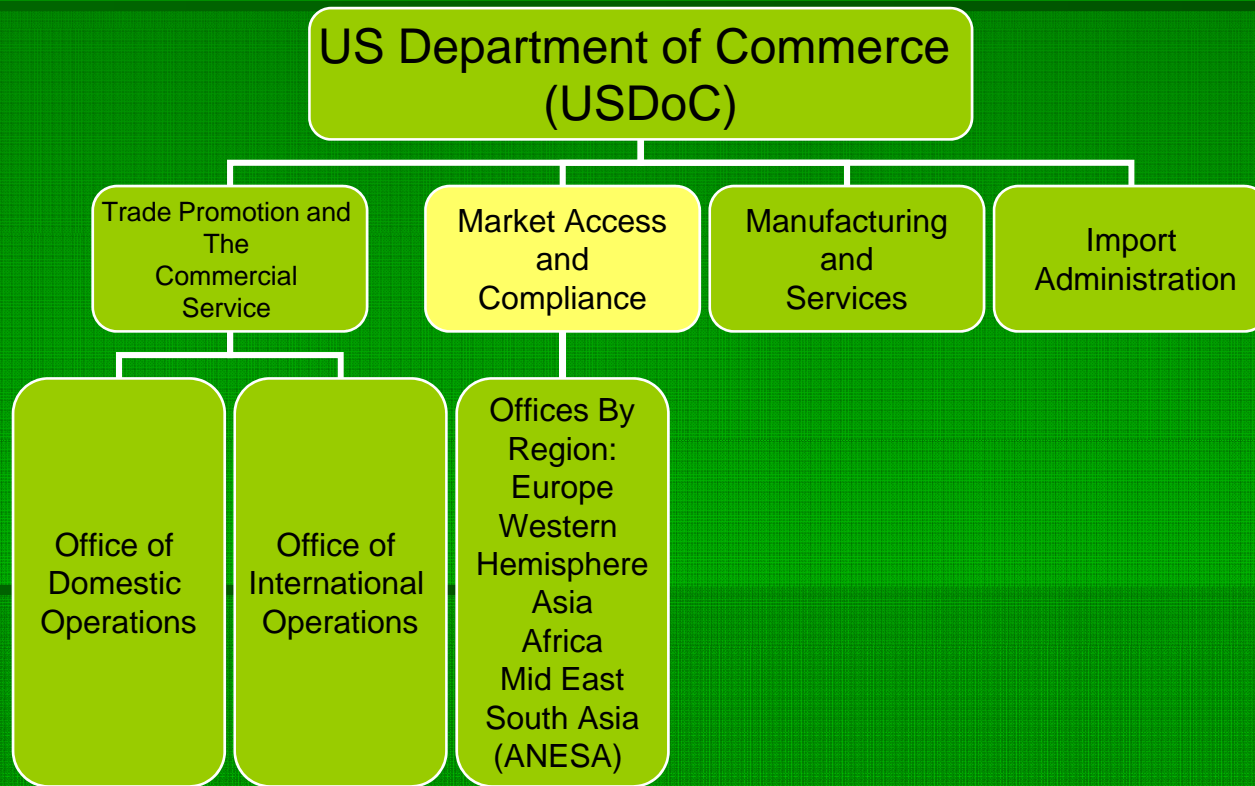
- Niche conference organizing business – 2 partners
- High volume, low profit margin
- Extensive “blue chip” client list
- Added executive travel as a second product line
- Sold out to a corporate travel agency for many times original multiple



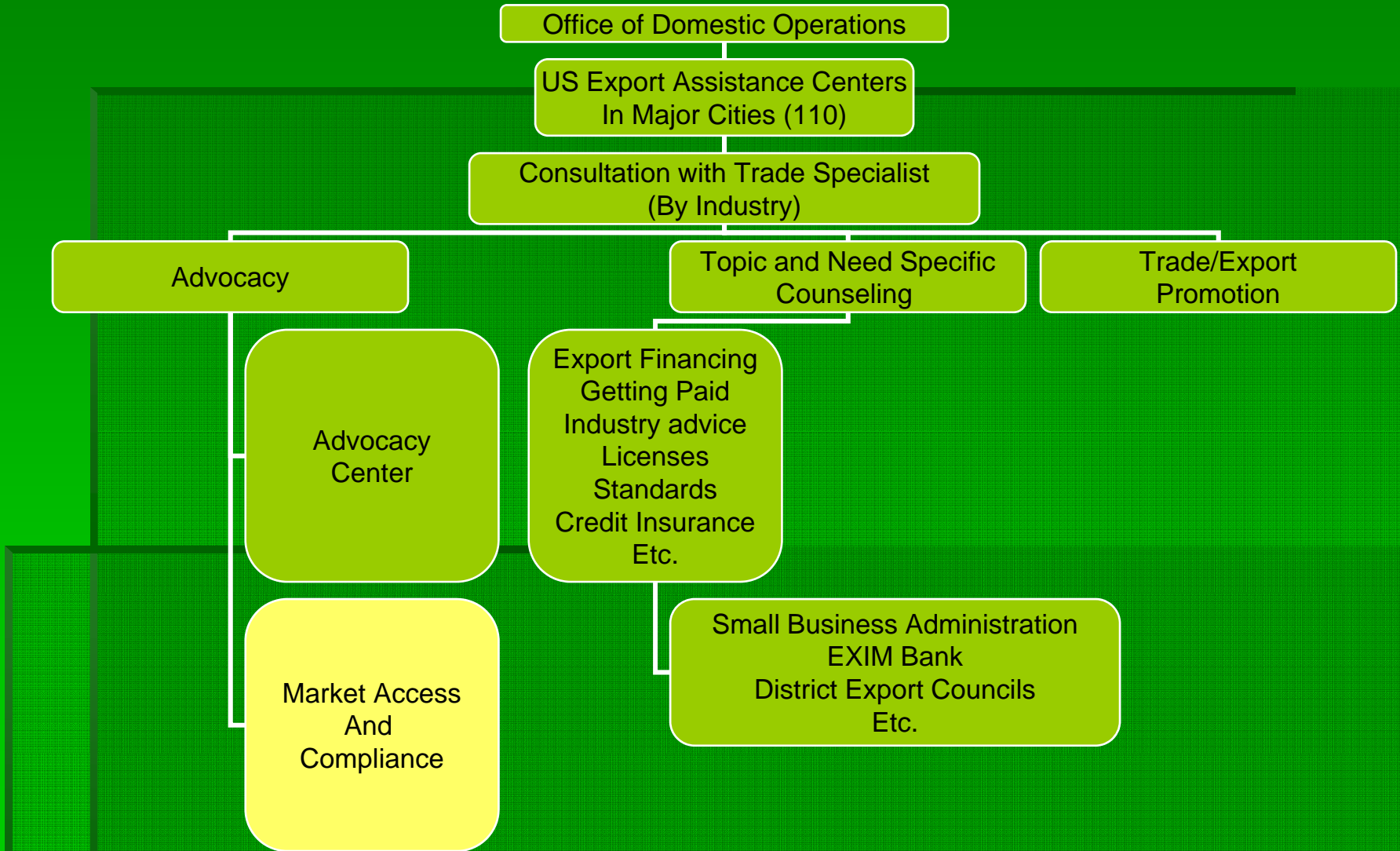
US Department of Commerce and US Trade Representative's Programs for Helping American SMEs Compete Internationally

Presented By:
Candace Chen, President
Power Clean 2000, Inc.
Whole Earth Essentials, LLC
Los Angeles, California USA

Overview



Getting Started



Export and Trade Promotion Programs (For FEE \$)

- Commercial News USA (Magazine)
- Promotes products and services to buyers, distributors, and representatives in more than 145 countries.
- Distributed outside of the United States, free to buyers, through U.S. Embassies/Consulates, trading partners, trade shows.
- Distribution – Approx. 140,000 copies in more than 145 countries. Total estimated readership is 450,000.
- Multiple languages - Spanish and Chinese issues.
- Web Site Listing - The publication is also available on-line at www.export.gov/cnusa.
- Listings start at \$495.
- Credibility - An official US Department of Commerce export promotion magazine for more than 20 years.

International Partner Search

- Client fills out application listing the relationship they seek.
- USEAC sends catalogues and product info to US Embassy/Commercial Section overseas.
- Receive detailed information about prospective partners and marketability of products and services in the host country.
- Takes about 15 working days.

Featured US Exporters (FUSE)

- Directory of U.S. products featured on U.S. Commercial Services websites around the world.
- Opportunity to target specific markets in the local language of business.
- Listings offered to qualified U.S. exporters seeking trade leads or representation in over 50 markets around the world.
- Nominal participation fee for one year (\$150) is based on the number of markets selected and translation requirements.
- Choose at least 5 English language markets, or some other combination totaling \$150 USD or more. Companies that wish to renew their listings may pay a reduced fee.

Gold Key Service

- Appointments with pre-qualified sales representatives and partners.
- Meetings can take place at American Embassy.
- Customized market and industry briefings with U.S. Commercial Service staff in advance of business meetings.
- Market research on client's industry sector.
- Assistance with travel, accommodations, interpreter service, and clerical support.
- A video conference option if client schedule doesn't permit international travel – also available without GKS.
- Post-meeting debriefing with U.S. Commercial Service staff to discuss results of meetings and assistance in developing appropriate follow-up strategies.

Platinum Key Service

- Customized and long term (typically six months to one year) sustained support
- Tailored to the client
- Insights on the best markets for client's products and services
- Help with developing business partnerships, market entry and sales strategies
- On-going leads and insights on specific sectors and opportunities
- Regular updates and analysis to keep abreast of change in market developments
- Help in understanding and resolving regulatory and product standards issues
- Advice on potential market entry barriers, duties, tariffs, and quotas
- Assistance in identifying and winning government contracts
- Help with specific major projects

Show Time and Trade Shows

- Show Time is a service designed to help U.S. companies identify additional high-potential markets for their products while attending/exhibiting at major Trade Shows.
- Clients can meet with Commercial Service Trade Advisors from various countries to receive one-on-one counseling sessions on exporting to these markets.
- Catalogue exhibitions – client's brochures displayed in Commercial Service booth

Single Company Promotion

- Designed to help U.S. company launch a product or service overseas, find new customers, conduct a technical training program on their product or service, or otherwise get the word out about their capabilities.
- Help company organize a promotional event, including helping identify the right attendees from the overseas business community, locating a suitable venue, sending invitations, promoting the event, and performing other logistical support.

Trade Missions

- These events are organized to “match” U.S. clients with potential business partners in foreign countries
- High level networking opportunities
- Usually combined with Gold Key Service
- Companies must be qualified
- Credibility

International Company Profile (Due Diligence)

- International Company Profiles
- Provides client with background reports on foreign companies.
- Trade specialist can report for overall strength of a company and provide useful information collected from industry contacts, local press, and other sources.
- These reports are required by many export financing organizations.
- A detailed background report on a prospective sales representative or partner in 10 days or less.
- A listing of the company's senior management.
- Banking and other financial information about the company.
- Insight on whether the prospective partner can meet client's needs.
- Opinion as to the strength of the company versus its competitors.
- Insight into the strength of the industry in client's target market

Export and Trade Promotion Resources (FREE)

- Export.gov, BuyUSA.gov, Trade.gov
 - Central location for all things related to export trade (Department of Commerce)
 - General Market Research Reports
 - Basic Guide to Exporting for General Overview
 - Trade Statistics to determine which countries import client's products
 - Market Research Library
 - Webinar to learn about new markets
 - Webcasts to learn best practices
 - Trade leads database
- 1-800-USA-TRADE
 - U.S. Export Assistance Centers (110 offices in major cities)
 - Consultation with Trade Specialist
 - Consultation with trade partners – Federal, State, County. Local
 - Consultation with District Export Council members

District Export Councils (DEC)

- A DEC is a local level advisory group to the US Export Assistance Center (USEAC)
- Works closely with (USEAC) to help with client counseling, trade promotion and lobbying
- Business leaders from the local community
- Appointed by the US Secretary of Commerce
- Volunteer based
- Members are large and small firms
- 2/3 of US SMEs have less than 20 employees
- California has 4 DECs (NorCal, So. Cal Regional, Inland Empire, San Diego)
- Annual National DEC Conference (Oct 15-17)
- (www.deconference.com)
- www.scrdec.org

Office of the United States Trade Representative (U.S.T.R.)

- Trade policy focus
- Negotiate directly with foreign governments to create trade agreements, resolve disputes and participate in global trade policy organizations.
- The agency was founded in 1962 and has offices in Geneva and Brussels.
- Cabinet level
- Meet with governments, business groups, legislators and public interest groups to gather input on trade issues and explain the president's trade policy positions.
- Works closely with more than a dozen government agencies and commissions

Industry Trade Advisory Committees

- A unique public-private partnership jointly managed by the U.S. Department of Commerce and the Office of United States Trade Representative
- Members are business leaders who help formulate U.S. trade policy.
- Members are appointed by both US Secretary of Commerce and USTR
- Security clearance
- Regular meetings in Washington
- ITAC11 is the highest U.S. federal level advisory committee on SMEs.

List of ITAC Committees

- ITAC 1 - Aerospace Equipment
- ITAC 2 - Automotive Equipment and Capital Goods
- ITAC 3 - Chemicals, Pharmaceuticals, Health/Science Products & Services
- ITAC 4 - Consumer Goods
- ITAC 5 - Distribution Services
- ITAC 6 - Energy and Energy Services
- ITAC 7 - Forest Products
- ITAC 8 - Technologies, Services and Electronic Commerce
- ITAC 9 - Non-Ferrous Metals and Building Materials
- ITAC 10 - Services and Finance Industries
- ITAC 11 - Small and Minority Business
- ITAC 12 - Steel
- ITAC 13 - Textiles and Clothing
- ITAC 14 - Customs Matters and Facilitation
- ITAC 15 - Intellectual Property
- ITAC 16 - Standards and Technical Trade Barriers

Thank You!

I LOVE QUESTIONS!

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Enhancing Entrepreneurship for SMEs

Hanoi 17 20 June 2008

APEC SME WG

Why banks are not getting enough finance to SMEs, and what you can do about it.

Best practice in finance and management development services

Chris Hall

Macquarie Graduate School of Management

PECC SME Network Leader

Chris.Hall@bigpond.com



PACIFIC ECONOMIC COOPERATION COUNCIL



Bank lending trends appear to be restricting entrepreneurial engine opportunities in APEC

There are about 77 million SMEs in APEC

These SMEs provide half of the jobs, half of the GDP and most of the job creation in APEC

Banks are important to financing SMEs and the growth and opportunities SMEs bring.

Banks provide about half the finance for SMEs, and are the largest provider of finance to SMEs

Real growth of bank lending to SMEs appears to be not even keeping up with inflation let alone with growth of GDP.

APEC needs to get a better understanding of these trends and monitor them more effectively

How does the entrepreneurial Engine work?

about 1%
of firms

Large firms employ about half the workforce,
but add relatively few net jobs

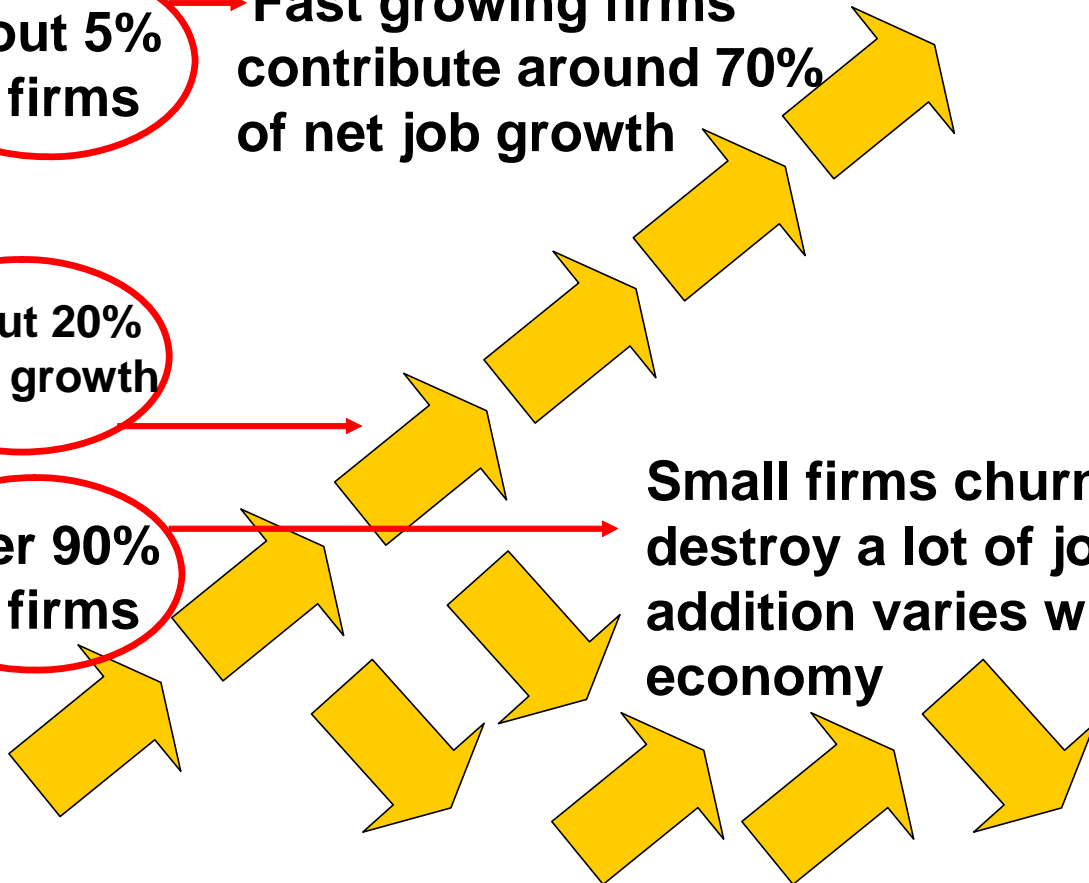
about 5%
of firms

Fast growing firms
contribute around 70%
of net job growth

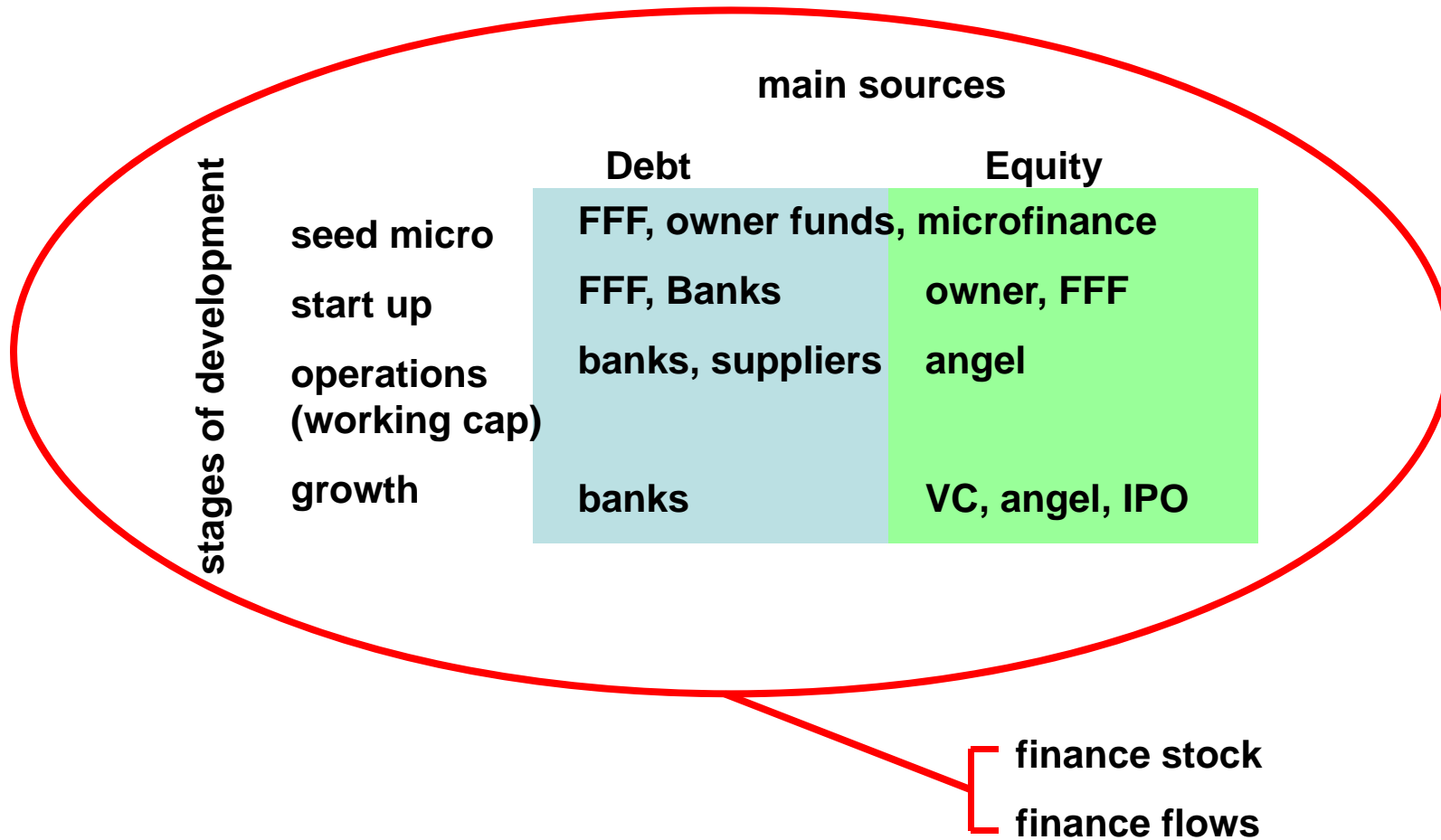
about 20%
seek growth

over 90%
of firms

Small firms churn, add and
destroy a lot of jobs, - net
addition varies with cycle and
economy



Where do SMEs get finance to be able to grow and survive?



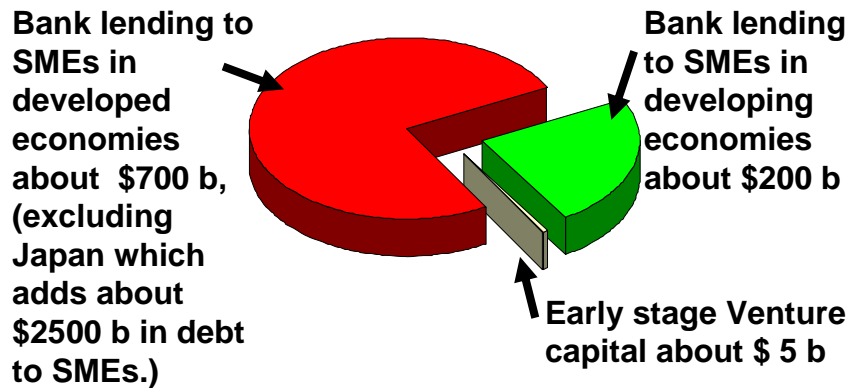
What do we know of the pattern of finance to SMEs in APEC?

Data sources are limited, only a few economies have regular updated reliable information on SME finance needs and supply, and all of these are 2010 economies

In most cases the data are based on size of loan, not size of firm.

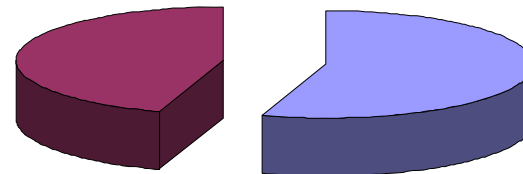
In fact most lending to SMEs is from Banks. VC is a tiny proportion.

Equity and trade finance provide most of the rest.



Banks are the biggest source of funds to SMEs, and potentially the biggest source of information, advice and mentoring

Banks supply about 50% of finance for established SMEs



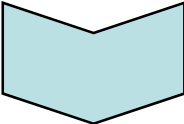
Banks remain the single biggest provider of finance to established SMEs, supplying over 50% of funds in economies for which data are available

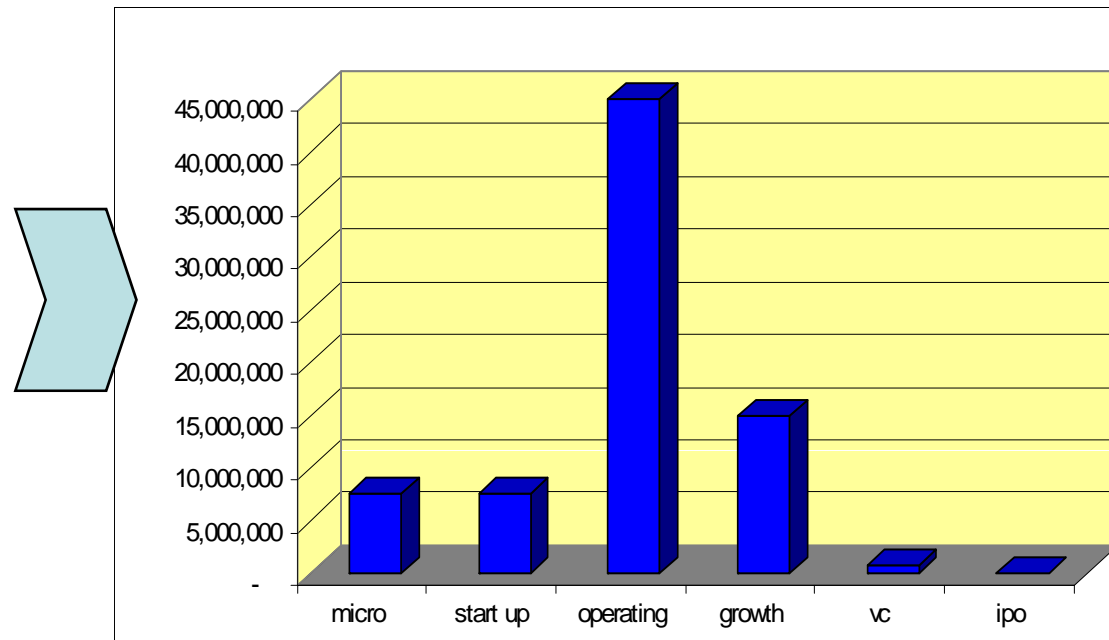
note: these are approximate figures based on modelling

Benchmark modelling of SME finance needs in APEC

Based on there being about 75million SMEs in APEC, and that finance is able to flow freely, so is available to all SMEs in APEC

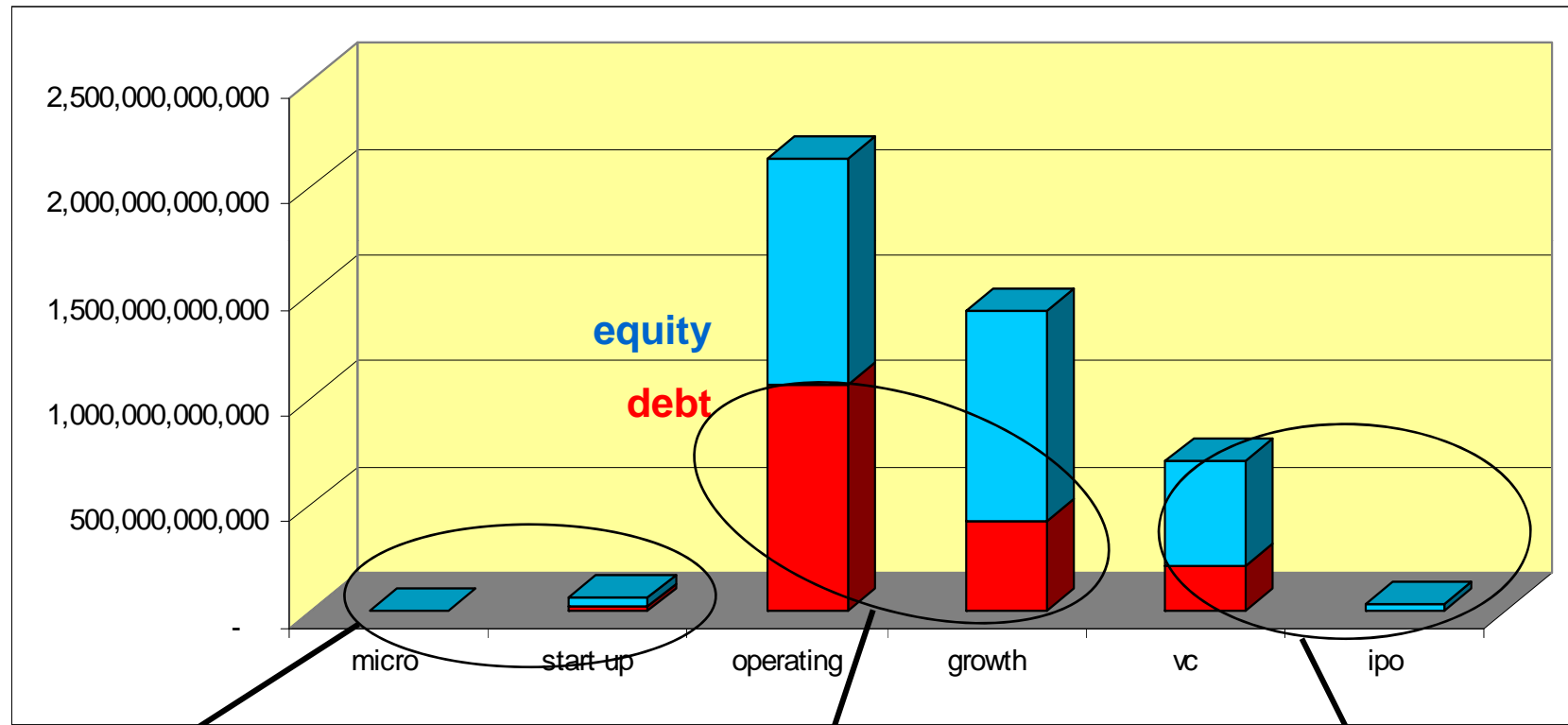
10%	SMEs are micro	\$100 each	50% debt 50% equity
10%	start up	\$10,000 each	30% debt 70% equity
60%	operating	\$50,000 each	50% debt 50% equity
20%	growth	\$100,000 each	30% debt 70% equity
.01%	VC	\$1,000,000 each	30% debt 70% equity
.0001%	IPO	\$10,000,000 each	10% debt 90% equity


**the
distribution of
SMEs by stage
is likely to be**



Benchmark pattern of SME finance needs in APEC

suggests that there is a demand for a stock of about \$4.5 trillion for SME finance in APEC in 2010, about 60% (\$ 2.7 t) equity, and 40% (\$1.8 t) debt.



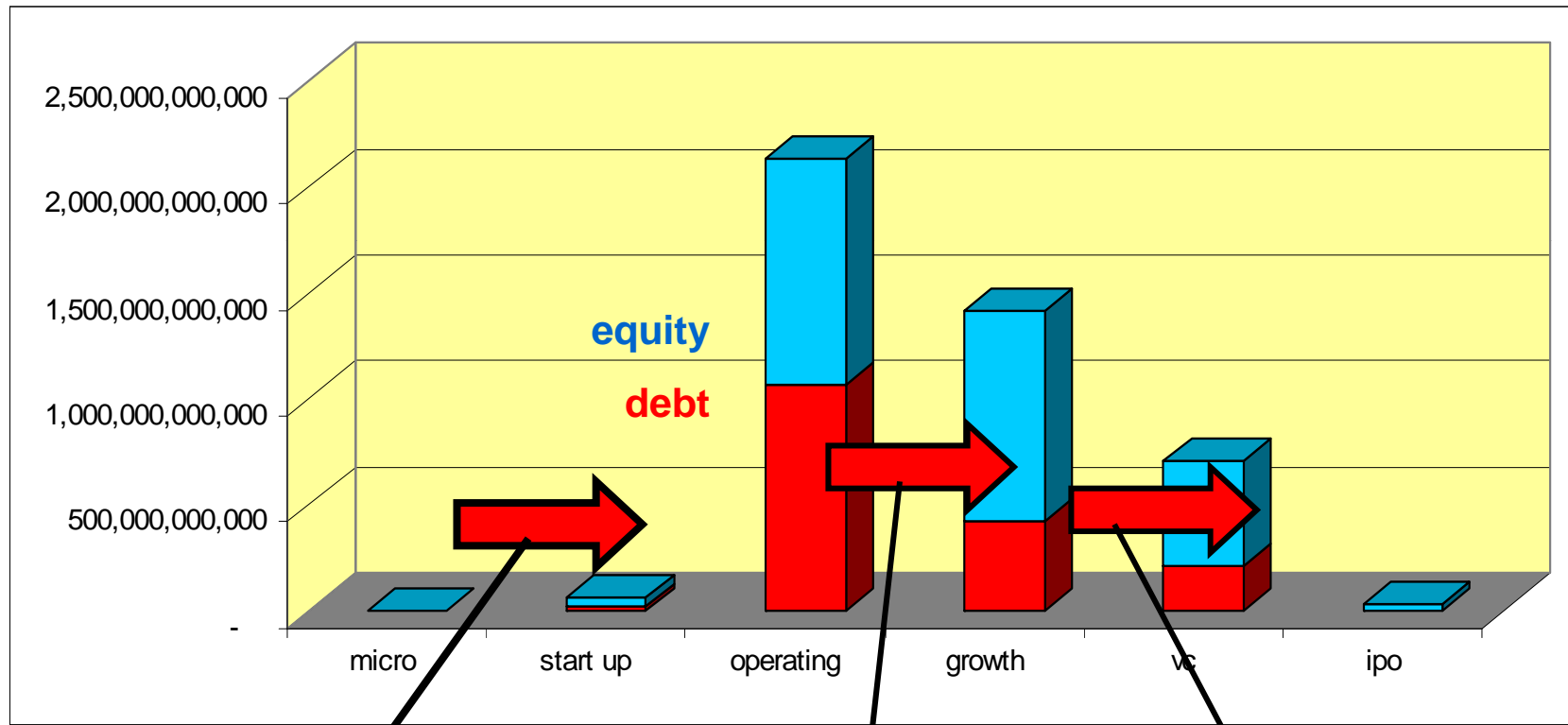
micro lending and start up finance is a tiny proportion, but important to growth and economic resilience

banks provide the bulk of SME finance for working capital and growth

VC and IPO only go to a tiny proportion of firms, and only in a few economies, so most SMEs don't get access

Stickiness in financing

There is some evidence of stickiness (finance gaps) as growing firms move through stages, and change their finance needs, eg

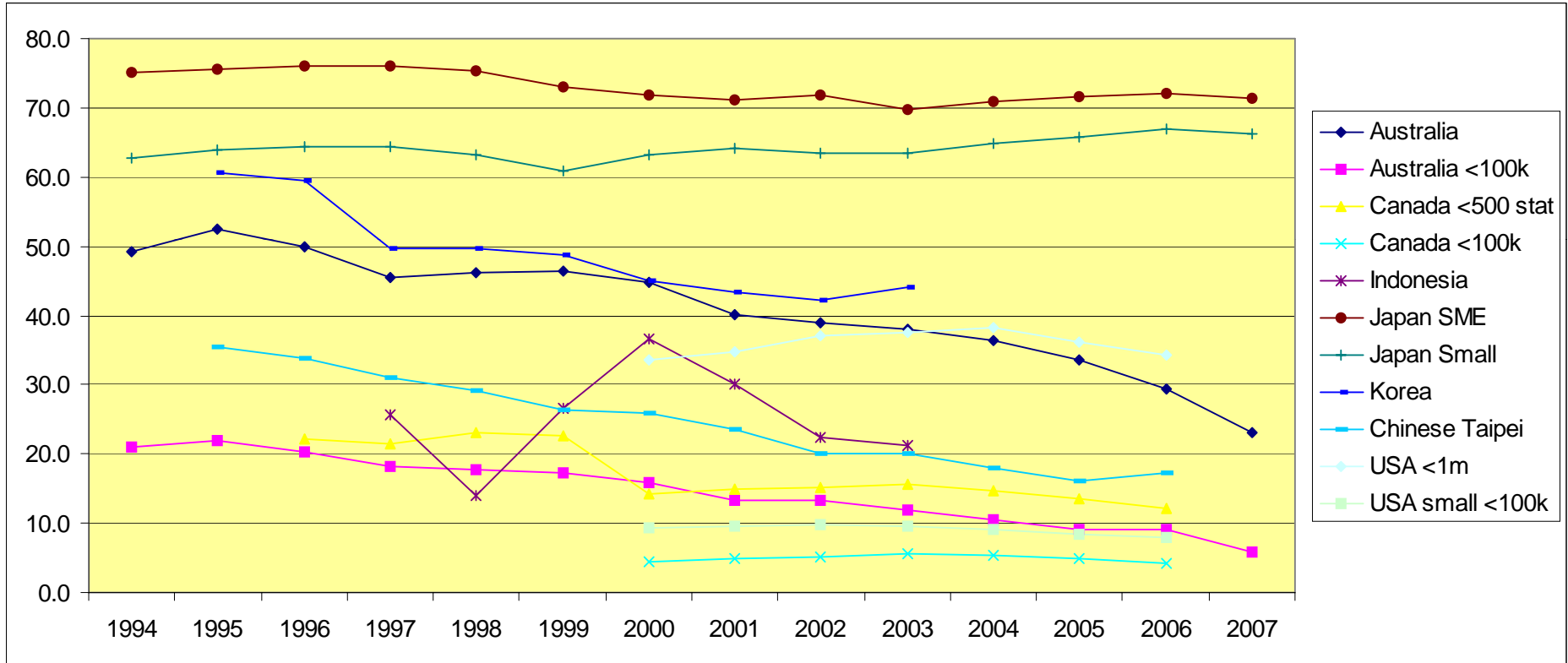


going from micro to start up or operating requires formal financing

going from debt to equity requires better governance

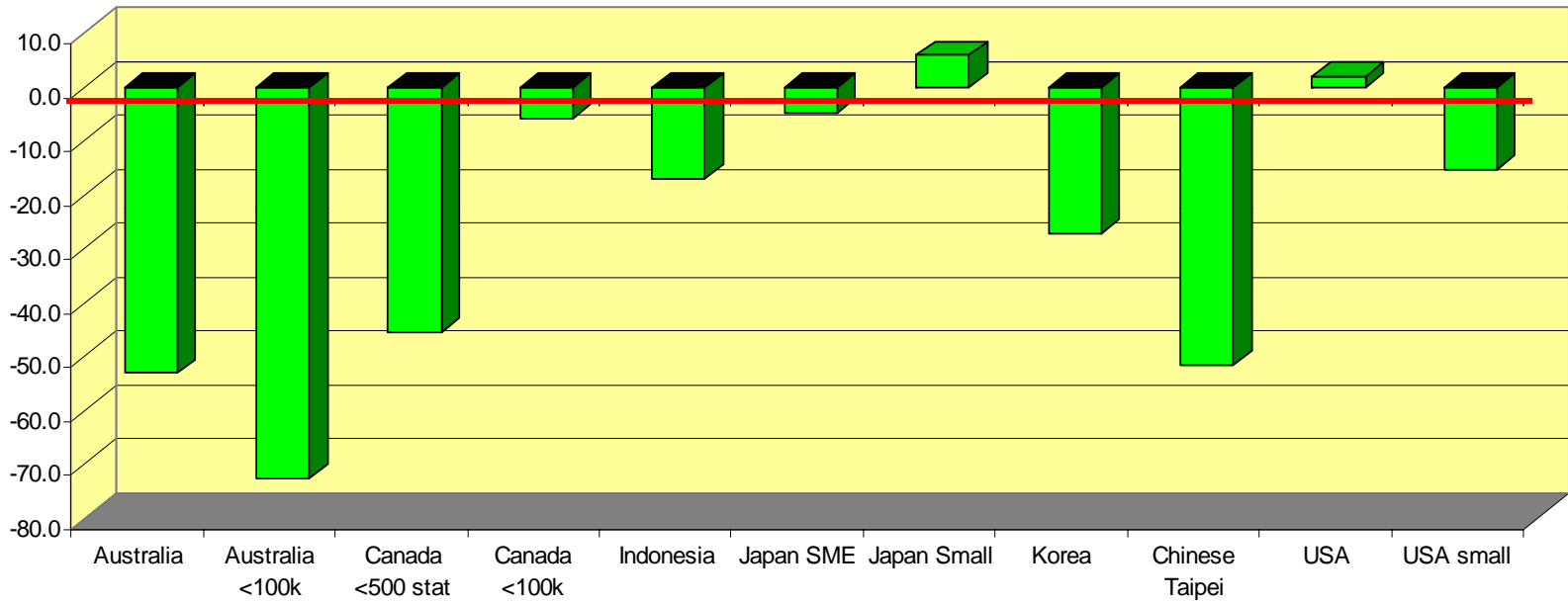
going to public equity requires investment readiness

The proportion of bank lending to SMEs in most economies has declined



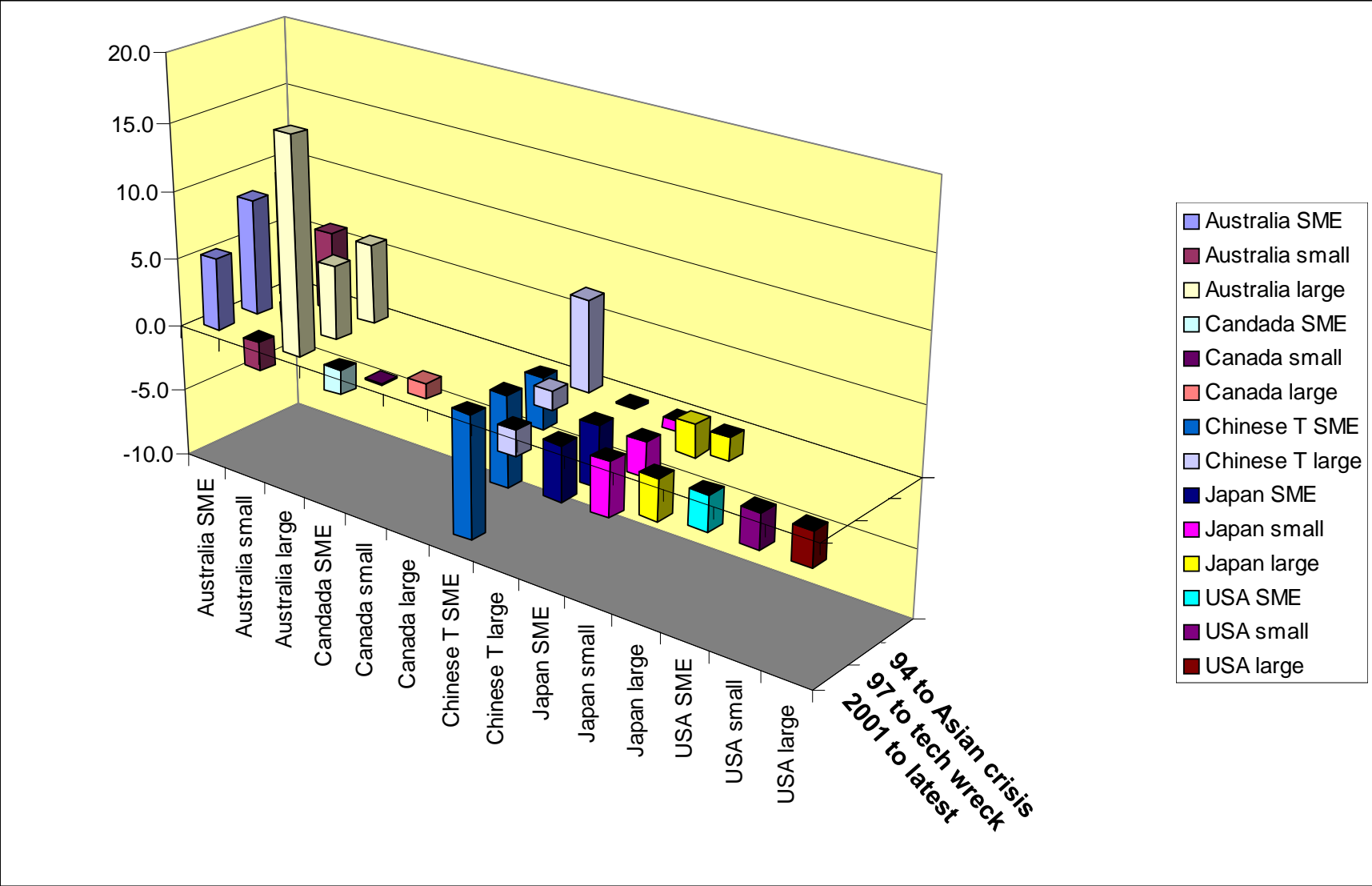
Bank lending on small loans or to SMEs as a % of total lending has declined in most economies for which data are available over the last 15 or so years

The proportion of bank lending to SMEs in most economies has declined



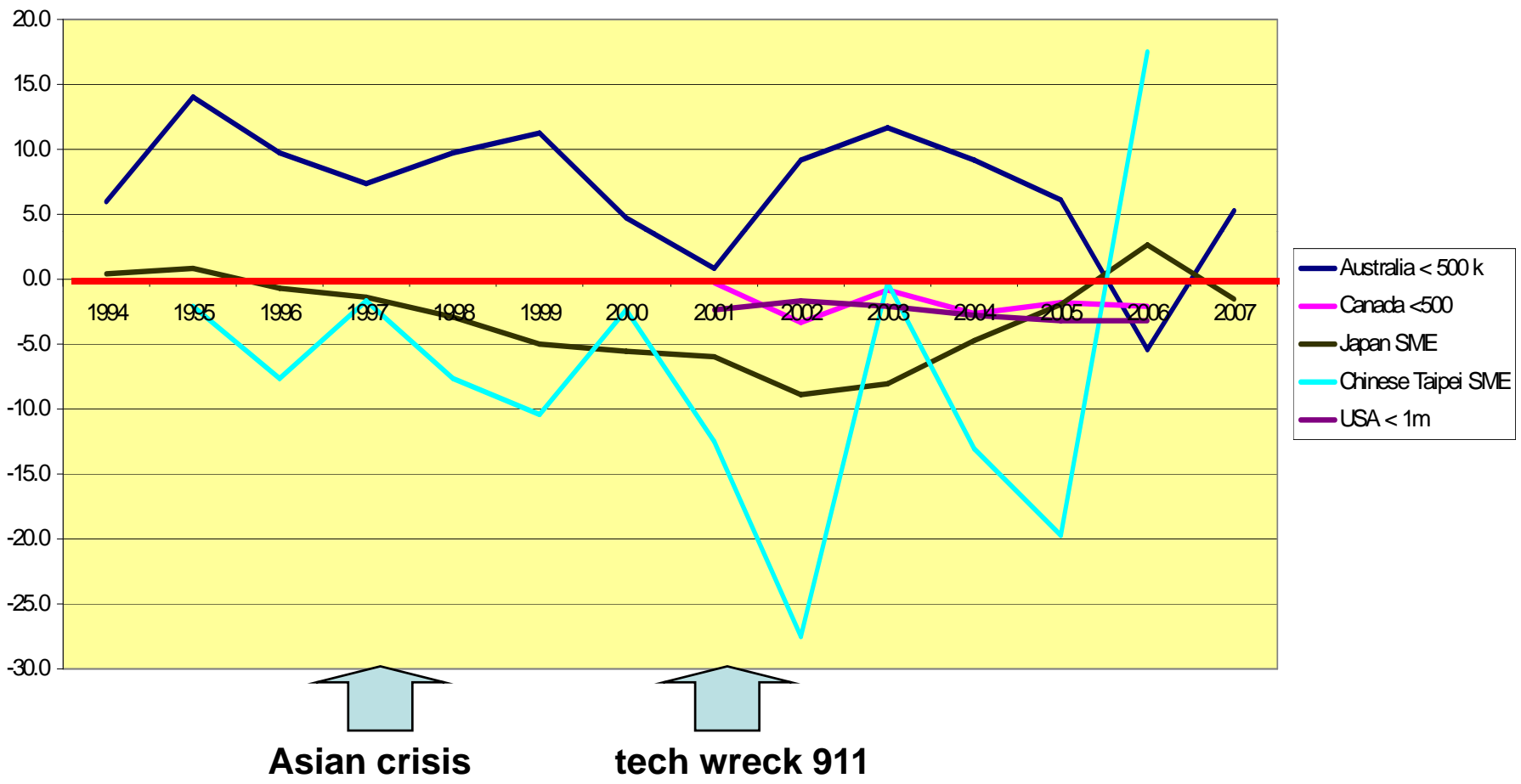
.... and the decrease is bigger than can be explained by inflation....

Real growth of bank lending to SMEs is negative in many economies

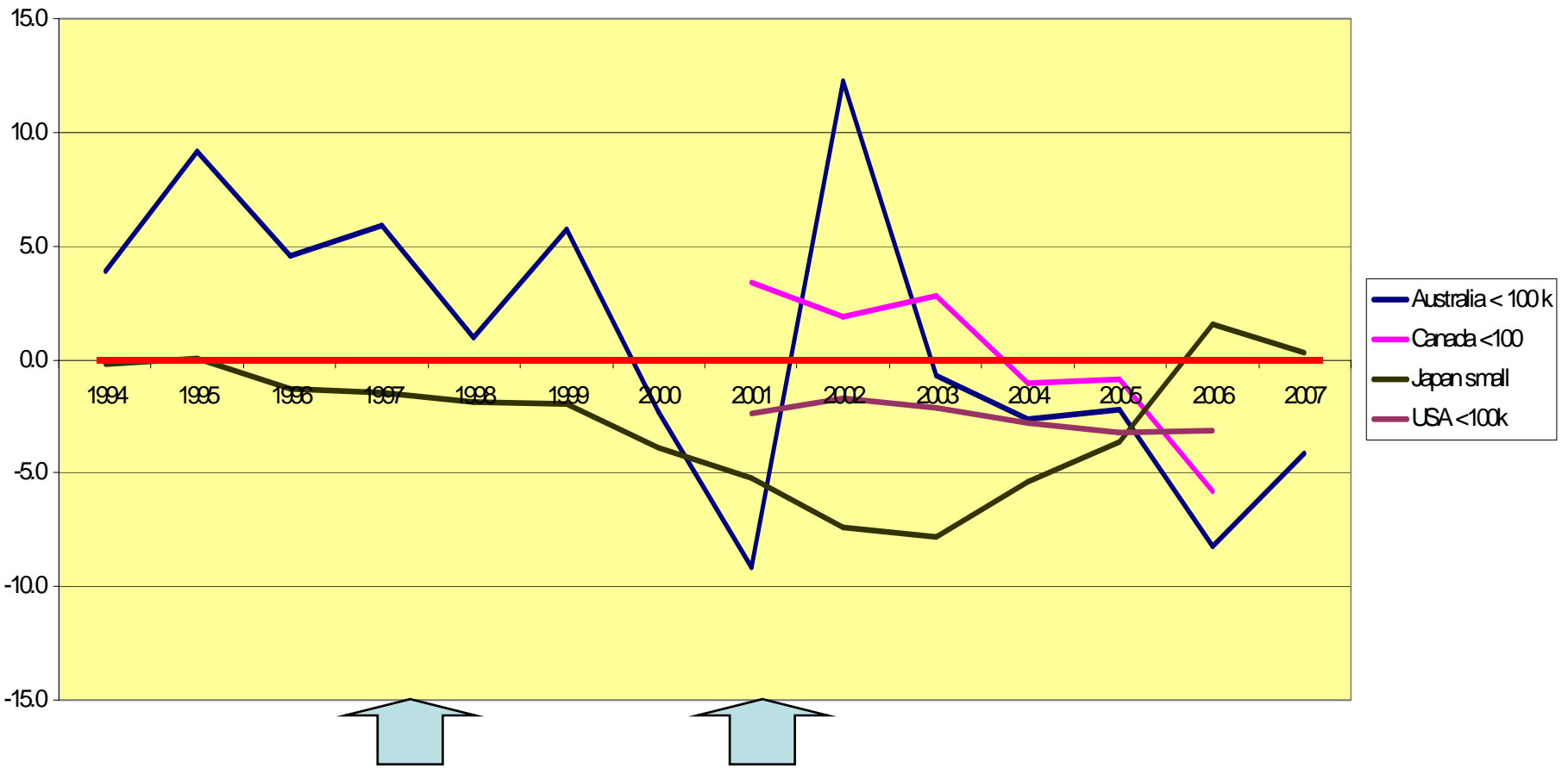


Average real growth of bank lending by size and period

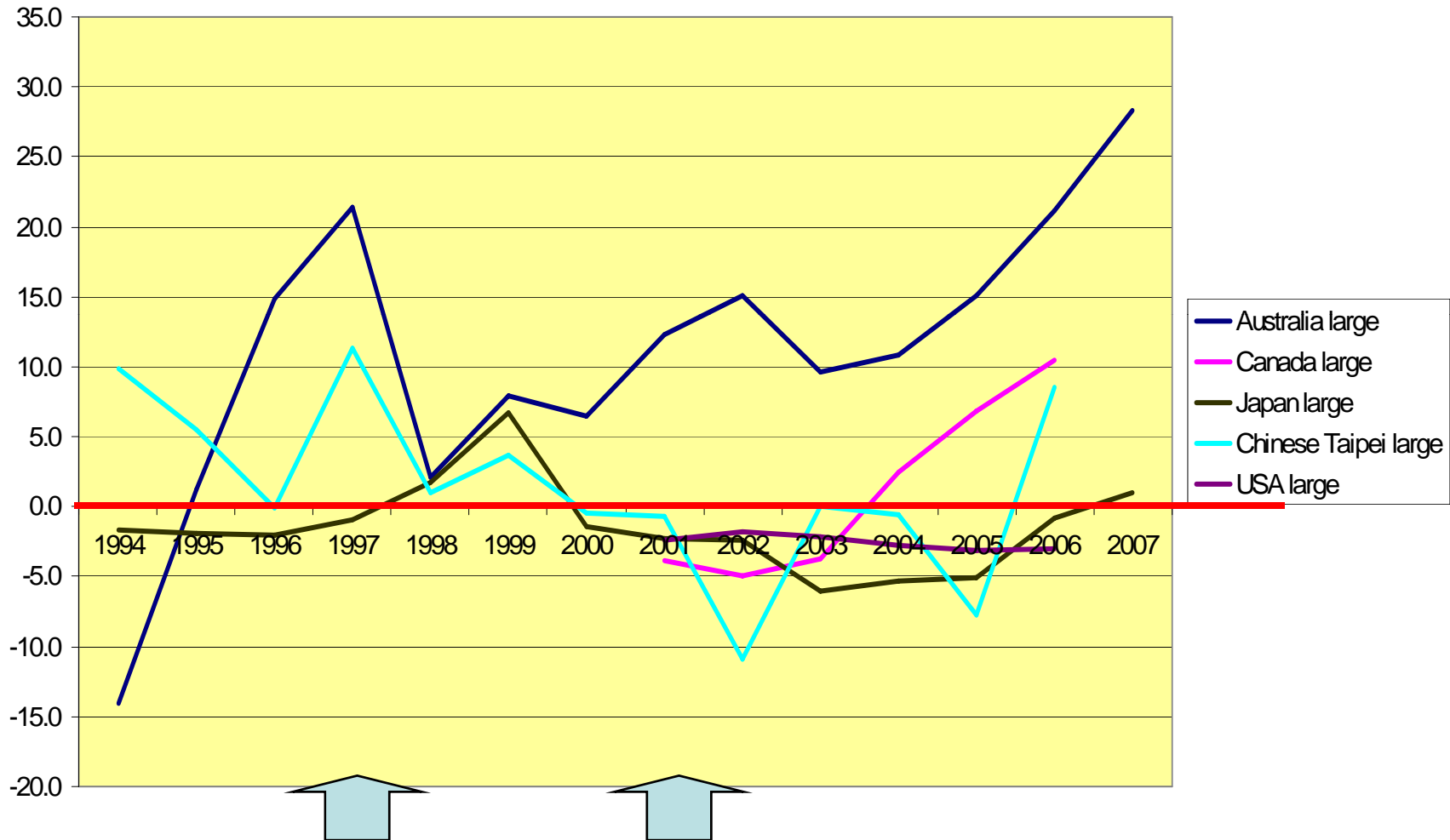
Real growth of bank lending to SMEs has been negative, falling



Real growth of bank lending to *small* firms has been negative, falling



but real growth in bank lending to large firms has been positive, growing



In summary

Growth of bank lending to SMEs (and small firms especially) has been negative in real terms, and falling up to 2006 when it has risen a little in some economies

For large firms, bank lending growth has been positive in real terms and risen since about 2003

This varies by economy, and period (pre Asian crisis, post 911 tech wreck) but is broadly consistent across APEC

Banks remain the single biggest provider of funds to SMEs

So what?

Growth of bank lending to SMEs (and small firms especially) has been negative in real terms, and falling up to 2006 when it has risen a little in some economies

For large firms, bank lending growth has been positive in real terms and risen since about 2003

This varies by economy, and period (pre Asian crisis, post 911 tech wreck) but is broadly consistent across APEC

Banks remain the single biggest provider of funds to SMEs

These SMEs make up about half the APEC economy, provide about half the jobs, 70% of the job growth, and most of the innovative resilience....

...but they seem to be being starved of a major source of debt funding relative to large firms, and in absolute terms the amount of finance from Banks available to SMEs seems to have been shrinking

So, SMEs have had to find alternative sources of funds, OR they have had to cut back start up and growth activity.

Either or both will lead to a less effective Entrepreneurial Engine

Why might this be happening?

Increasing intangible assets of SMEs and start ups make SME lending unattractive to banks

BIS Basle II rules make banks rethink SME lending, and discourage uncollateralised lending

Banks push collateral loans, usually housing, in lieu of SME business loans

Banks push personal and credit card loans

Banks channel SMEs to trade credit, or trade credit from large firms is more accessible to SMEs

Improved efficiency of equity markets for SMEs

SMEs tap other debt sources (bonds, etc)

and what might it mean?

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Improved efficiency of equity markets for SMEs

SMEs tap other debt sources (bonds, etc)

Banks need to find better ways of lending on intangibles

APEC and BIS need to monitor the effect and revise Basle II if appropriate

SME lending gets tied even more closely and susceptibly to housing cycle

Higher costs of borrowing for SMEs

Difficult to borrow for SMEs which are not part of supply chain, or for SMEs in developing (2020) economies

APEC needs to look to ways to improve equity markets. Currently SME equity markets are very inefficient in most economies

Bank lending trends appear to be restricting entrepreneurial engine opportunities in APEC

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*Strategies for Creating an Entrepreneurial
Society in Chinese Taipei*

Ho, Chin-Tsang

Deputy Director

Small and Medium Enterprise Administration

Chinese Taipei

Jun 18, 2008



Outlines



- **Chinese Taipei SME Profiles**
- **Entrepreneurial Success:
Roles and Conditions**
- **Policy and Measures for
Creating an Entrepreneurial
Society**
- **Concluding Remarks**

Foreword



- 1. Entrepreneurship is a drive to encourage the establishment of new firms to stimulate economic growth and create more jobs.**
- 2. The duties entrepreneurs need to undertake include assumptions of risk and responsibility to start a business or implement a business strategy.**
- 3. An important way in which the entrepreneurial spirit manifests itself is through new business creation.**

Criteria for Identifying SMEs

SECTORS	SMEs		Micro Business
	Basic	Exception	
Manufacturing, Construction, Mining, Quarrying	Capital < US\$2.3 Million	Employees < 200 persons	Employees < 5 persons
Commerce, Service	Preceding year revenue < US\$2.9 Million	Employees < 50 persons	Employees < 5 persons

Chinese Taipei SME Profiles

The Status of SMEs in 2006

	All enterprises	SMEs	% of SMEs
No. of enterprises	1,272,508	1,244,099	97.77
Total employments (thousand persons)	10,111	7,751	76.66
No. of employees (thousand persons)	7,542	5,186	68.76
Total Sales (NTD million) (USD million)	34,326,070 (1,040,183)	10,241,215 (310,339)	29.84
Domestic Sales (NTD million) (USD million)	25,594,318 (775,585)	8,678,992 (262,999)	33.91
Export Sales (NTD million) (USD million)	8,731,753 (264,598)	1,562,224 (47,340)	17.89

Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007

Newly Established SMEs in 2006

Item	Small and medium enterprises	Large enterprises	All enterprises	The percentage of SMEs%	The percentage of newly established SMEs in All SMEs
Number of enterprises	108,302	353	108,673	99.68%	8.71%
Total Sales (NT million)	236,973	120,250	357,223	66.34%	2.31%
Domestic sales (NT million)	221,496	100,988	322,484	68.68%	2.55%
Direct export (NT million)	15,477	19,262	34,739	44.55%	0.99%

Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007

Operating Years of SMEs

58.05%

Age	2002	2003	2004	2005	2006		
					2006	2006	2006
91,435	112,154	108,610	125,667	108,673	108,320	8.71	
94,036	104,183	110,649	108,989	121,466	120,530	9.69	
77,477	82,234	87,612	96,365	92,503	91,400	7.35	
70,554	69,545	70,895	79,583	84,648	83,272	6.69	
63,851	64,843	61,321	65,055	71,610	70,133	5.64	
233,742	248,300	245,280	249,414	253,746	247,247	19.87	
Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007	279,065	283,223	287,444	298,662	299,282	290,121	23.32

Characteristics of SMEs



- 1. High importance towards the development of society**
- 2. Large in number, high diversity, dynamic structure**
- 3. Employees face larger challenges and increasing pressure**
- 4. Relatively weak in comparison with large enterprises**

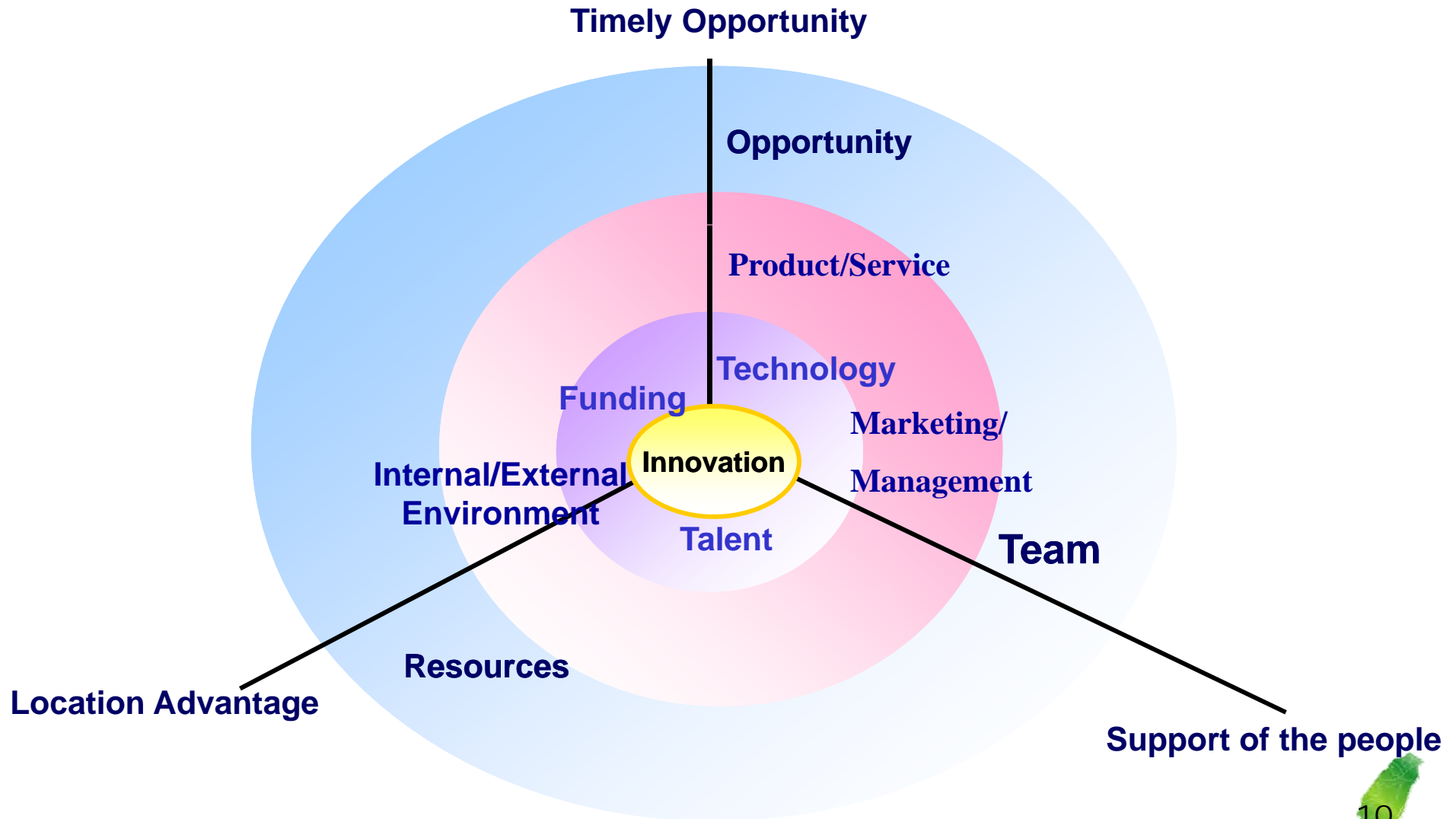
SMEs' Contribution to Economic Society



- 1. Playing a key role in industry structure to link up- and downstream industries**
- 2. Developing foreign trade, creating foreign exchange and employment opportunities**
- 3. Providing remarkable contributions to building up a middle-class in society**
- 4. Continuously supporting economic development and stabilizing society**

Entrepreneurial Success :Roles and Conditions

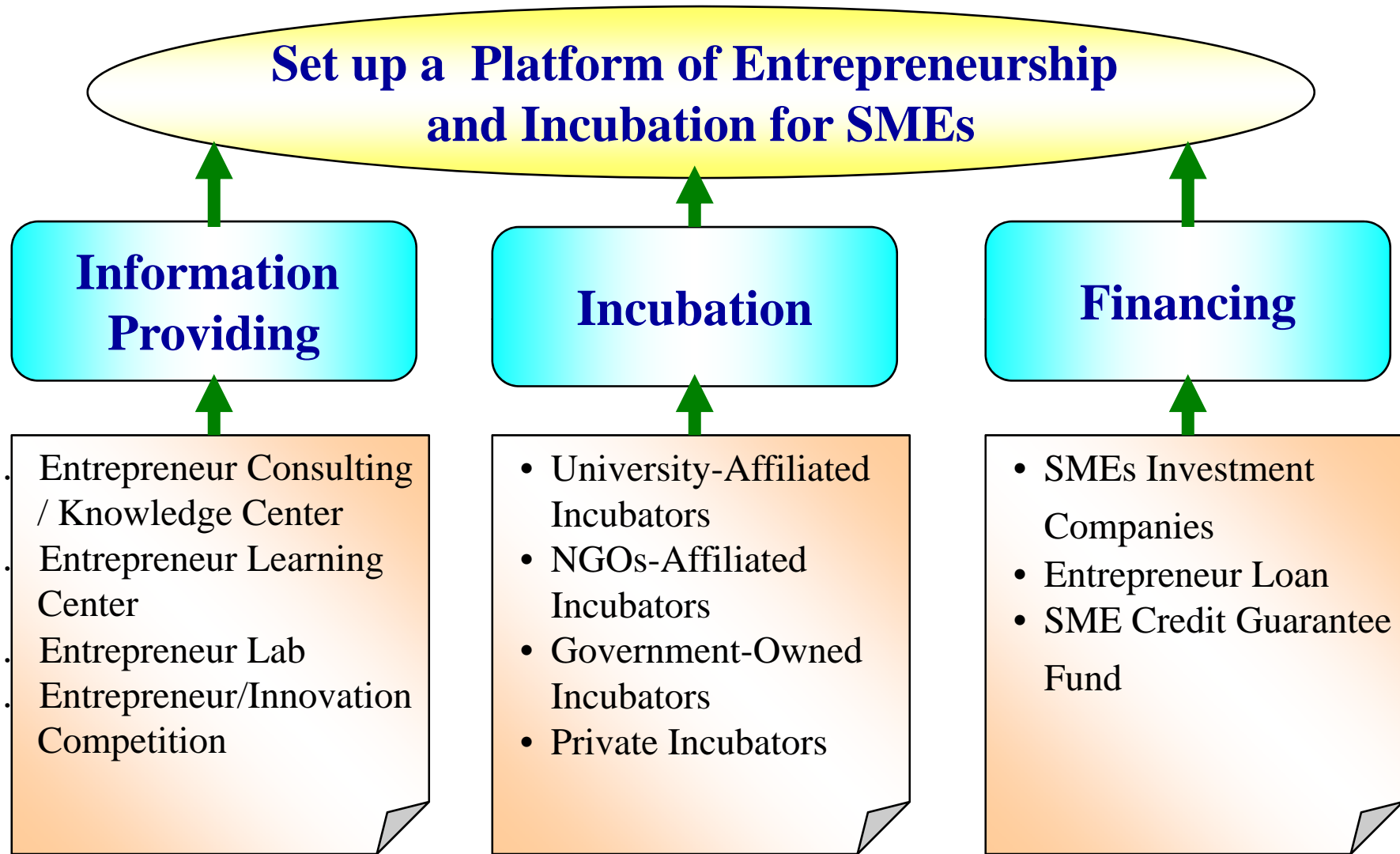
Operational Conditions for the Success



Assisting SMEs in Innovating R&D

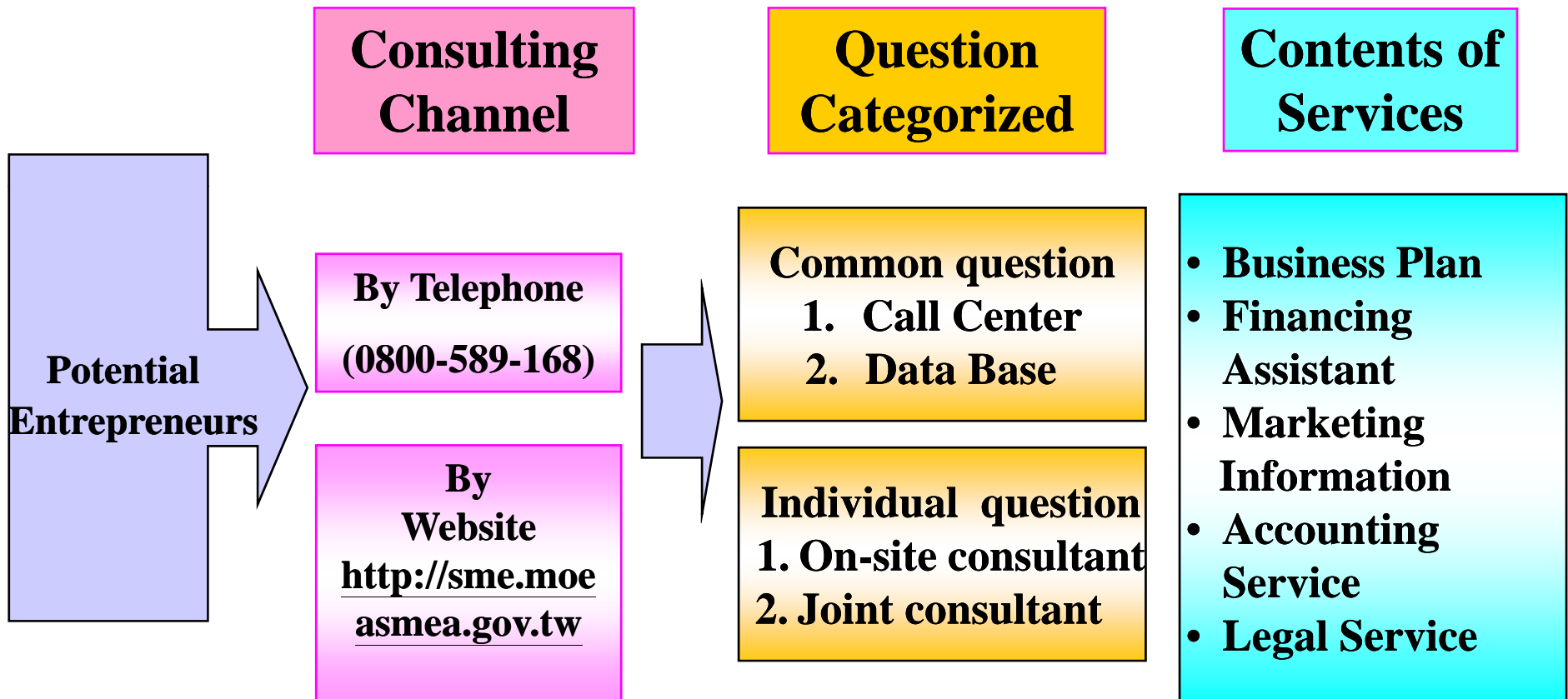
- 1. Project of Small Business Innovative Research (SBIR)**
- 2. Project of Predominant New Product Development**
- 3. Project of Upgrading Competitiveness for Traditional Industry**
- 4. Project of Promoting Enterprise's R&D Alliance**
- 5. Low-interest R&D Loan Scheme**

Platform of Entrepreneurship & Incubation



Knowledge and Information Providing

Entrepreneur Consulting / Knowledge Center



Entrepreneur Learning Center

Programs:

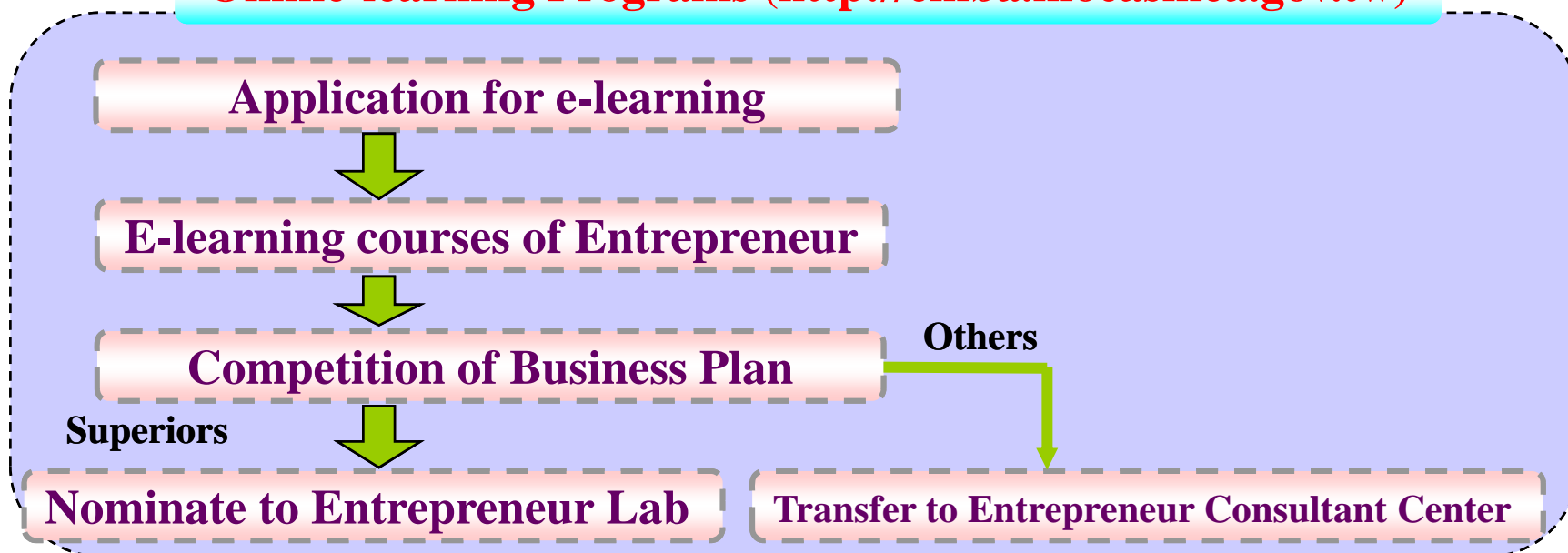
Courses
Case Study
Field Visit
Seminar
Business Plan

Objective Trainees

(Innovation-oriented personality)

1. New enterprises established within 3 years
2. Plan to start a new enterprises

Online-learning Programs (<http://emba.moeasmea.gov.tw>)



Entrepreneur Lab

Entrepreneur Consulting/ knowledge Center

- (1) **Select 100 entrepreneurs for entry into Entrepreneur Lab**
- (2) **Conditions: Must have preparatory capacity and a feasible business plan**

Entrepreneur Learning Center

- (1) **Select 200 entrepreneurs for entry into Entrepreneur Lab**
- (2) **Conditions: the best business plans written in the course of a systematic entrepreneurial course training**

Entrepreneur Lab

- (1) **Through promotional activities, select 200 for entry into Entrepreneur Lab**
- (2) **Conditions: Provide a feasible entrepreneurial business plan, which after assessment can begin to receive entrepreneurial guidance**



Entrepreneur/Innovation Competition

- **Candidates: Small and medium enterprises less than 3 years old**
- **Select *12* Successful Entrepreneurs, divided into four divisions— micro-enterprise, knowledge-based service industry, technology industry, and traditional industry— with each division's top three receiving awards of *1st NT\$300,000 2nd NT\$200,000 3rd NT\$100,000***

Incubation Services

Purpose

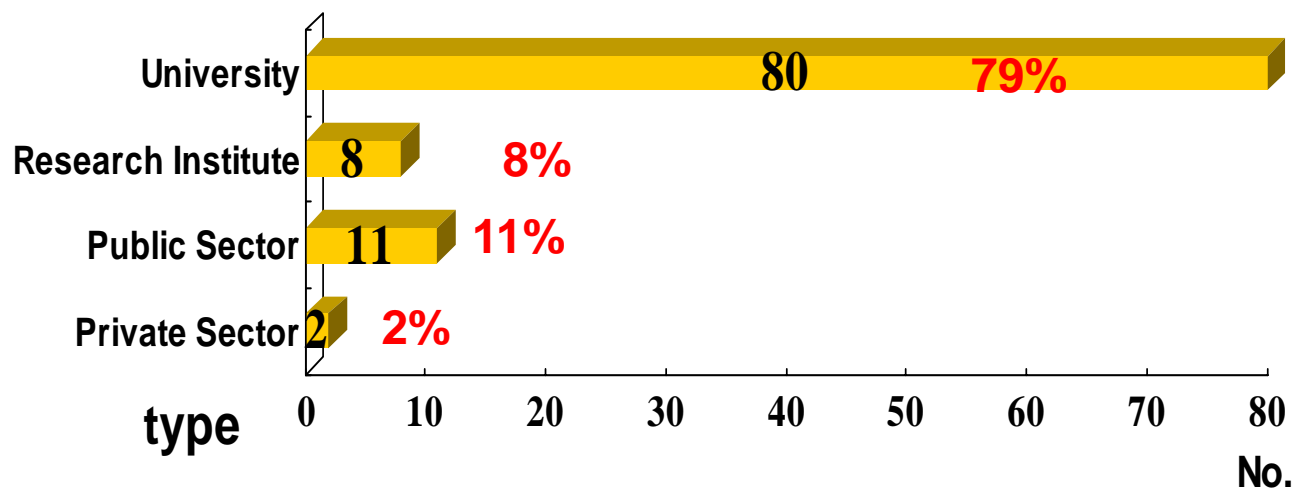
- **Help SMEs Access Resources of Innovation and Entrepreneur**
- **Enhance SMEs Ability in R&D and Start-up New Business**
- **Facilitate More Competitive SMEs and Promote Economic Development**

Current Status of Incubation Centers

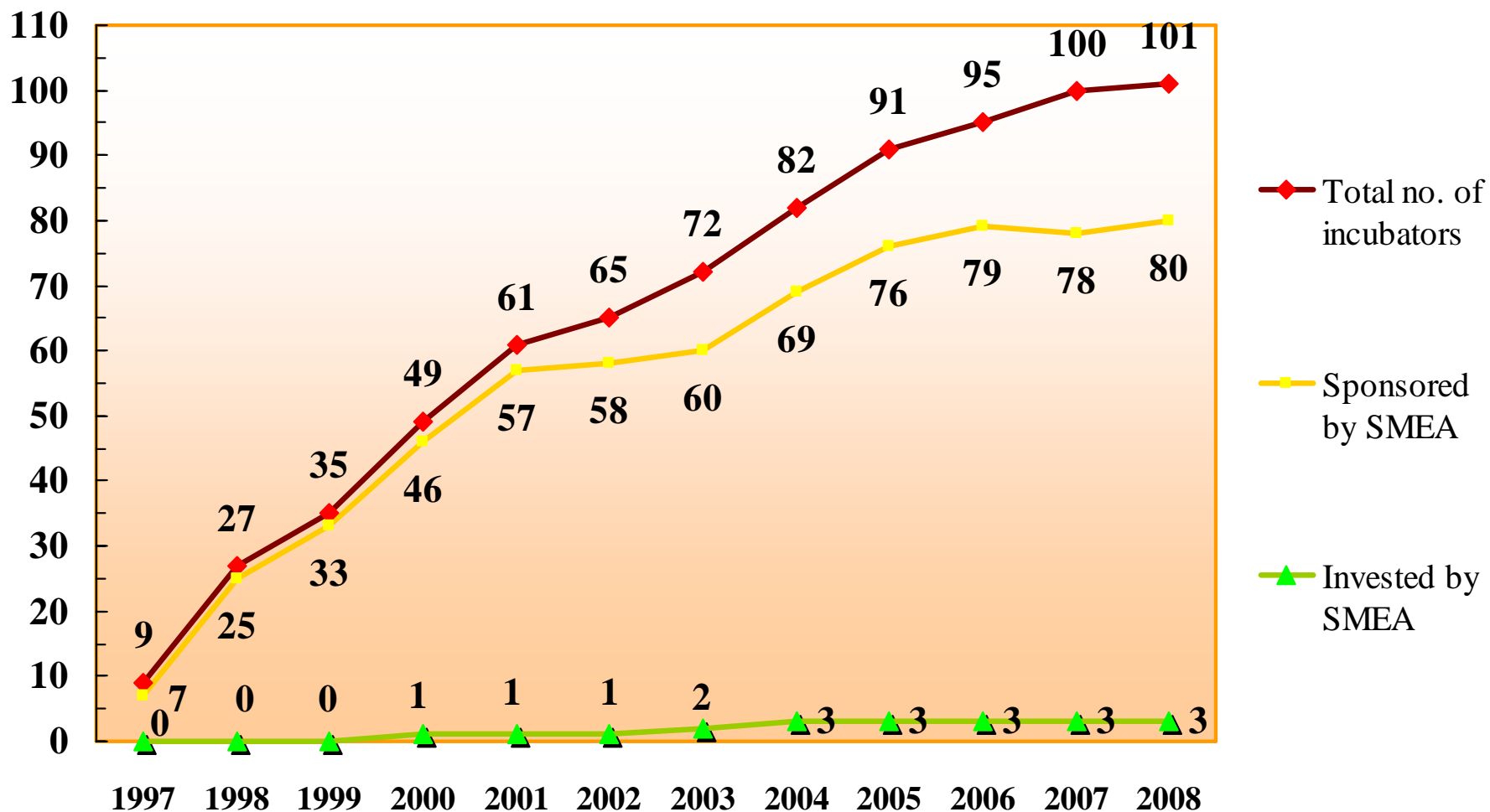
1. Definition

Incubation centers are locations for the cultivation of innovation businesses, products and technologies, and for helping SMEs to upgrade and transform themselves. By providing start-ups with office space, instruments, equipment, R&D technology, helping them to secure financing, and by providing management consulting and other business services, they facilitate the effective integration of resources, helping to reduce the costs and risks that start-ups have to bear in the early stages of business development, and increase the possibility of new businesses successful rates.

2. Type



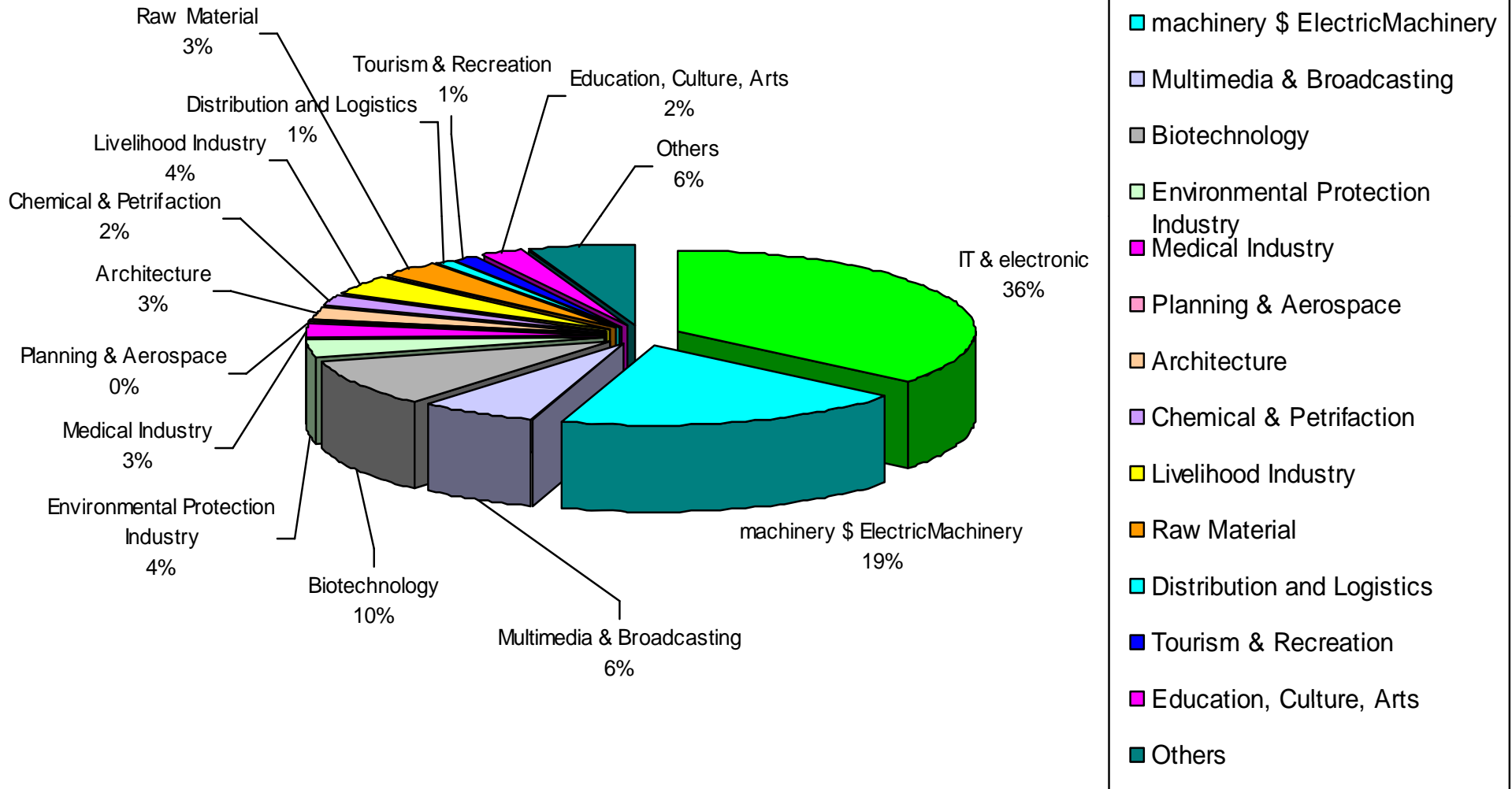
The Number of Incubators



Function of Incubators

- **To reduce risks and expenses of investment and increase successful rate of start-up enterprises.**
- **To foster new products, new business-model and new technology.**
- **To provide guidance in commercializing R&D achievements.**
- **To provide a location for cooperation of academia and industries.**
- **To provide testing services and speed up the development of products.**
- **To provide training courses, information and consultation.**

Incubating Domain



Performance of Incubation Services

Performance		Year	2004	2005	2006	2007	1997~2007 total
Input	1.Subsidy for Incubation Center (NTD, billion)		1.86	2.14	1.64	1.72	16.81
Output	1.No. of Fostered SMEs		1,131	1,326	1,282	1356	2986
	2.No. of Fostered Start-ups		279	333	507	577	1000
	3.Capital Increase (NTD, billion)		43	57	52	52	449
	4.Multiple of Output and Input (Capital Increase/Subsidy)		23	27	32	30	27
	5.No. of Employment being Created		11,477	22,648	25,353	27,133	65,086
	6.No. of Patent Acquired		160	413	400	416	1542
	7.No. of Technology Transfer		87	145	205	149	667

Note : 1.Statistics Range : Incubation centers subsidized and invested by SMEA, MOEA.
 2.The incubating process is limited within 3 years in principle. Statistics number of fostered SMEs and employment are based in newly incubated SMEs in the year.



Financing Supporting Measures

- **SMEs Investment Companies**
- **Entrepreneur Loans for Micro-enterprises**
- **Various Programs of SMEs Loan**
- **SME Credit Guarantee Fund**

Concluding Remarks

- **Small and medium enterprises are the foundation of Chinese Taipei's economic development and a mainstay of social stability.**
- **Yet, we face a quickly changing economic and trading environment that requires upgrading and transformation.**
- **Entrepreneurship has become a global trend and is anticipated to create common value, giving hope for brighter tomorrows.**
- **By building up a platform of entrepreneurship and incubation and in doing so spreading seeds which may grow into thriving companies, we can create a knowledge-based entrepreneurial society.**



Enhancing Entrepreneurship for SMEs

Hanoi 17 -19 June 2008

APEC SME WG

Survival, exit and value creation

Practical applications, experience and techniques to help governments to assist entrepreneurs and SMEs

Lindsay Munns

Shirlaws Australia

Business Coach to the SME sector

lmunns@shirlawscoaching.com

Shirlaws
Love business.

Agenda

Survival, exit & value creation

- Enhancing business survival
- Exit and value creation



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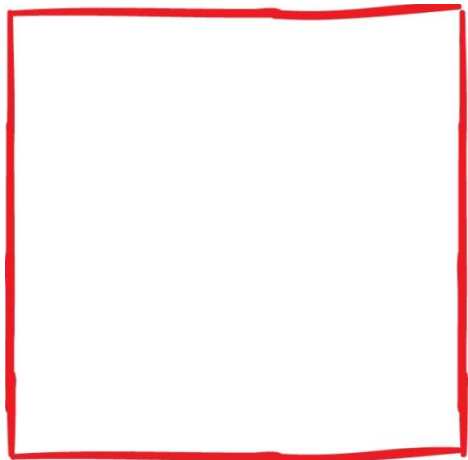
Enhancing Business Survival



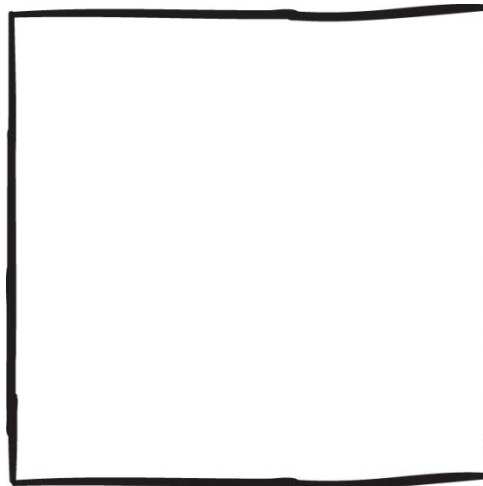
Shirlaws
Love business.



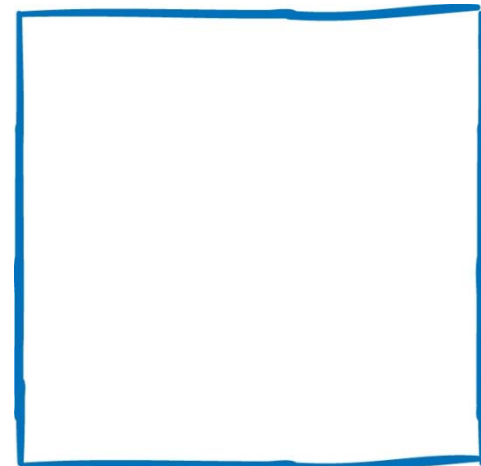
Three areas of business



Infrastructure



Strategic

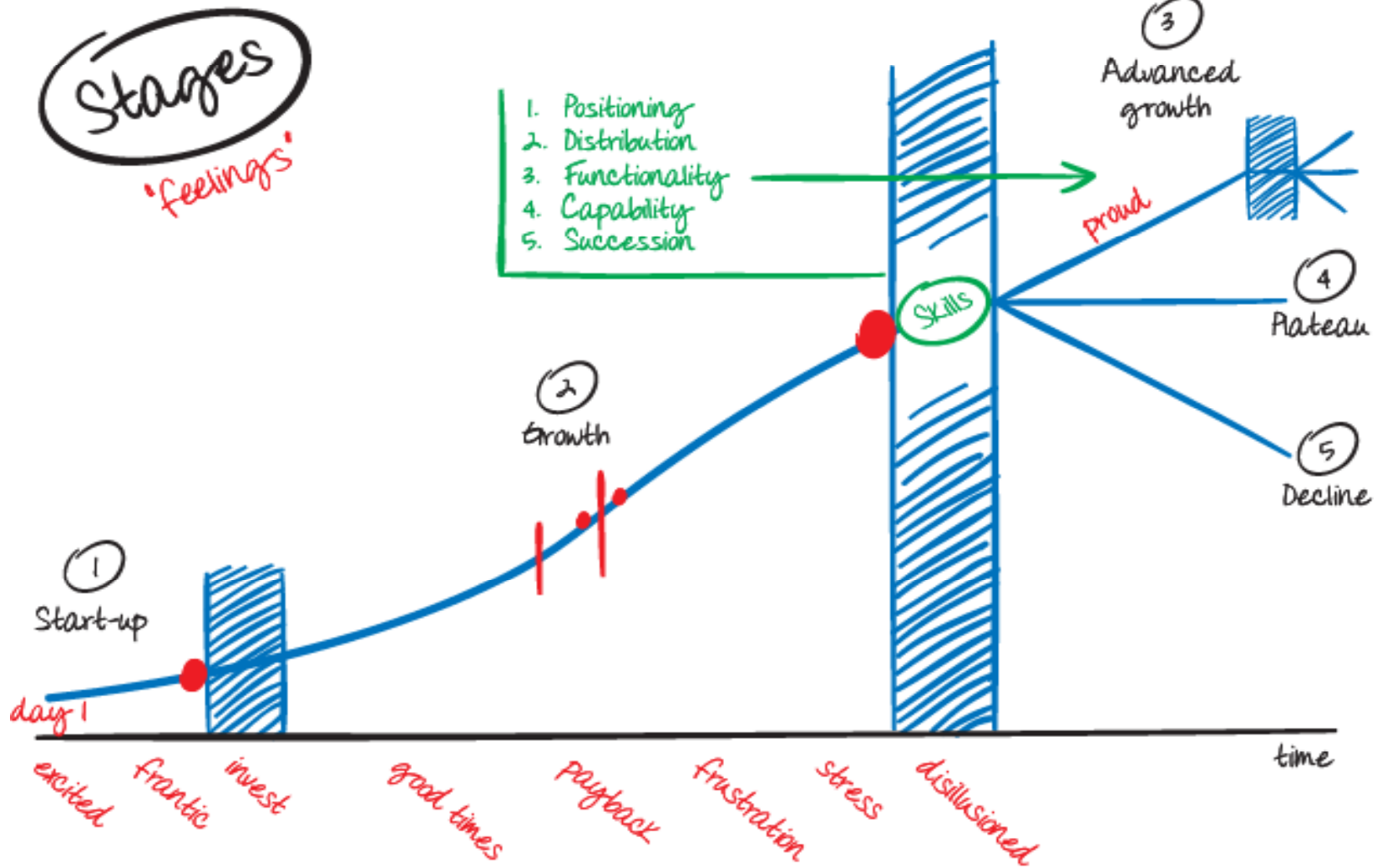


Revenue

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Stages Revisited





Business Failure Points

Businesses fail for a variety of reasons such as economic factors, competitive behavior, etc.

However the key cause of business failure is due to management action (or inaction).

There are three key points in the business cycle where this could happen:

1. Start up Phase
2. Fast Growth Phase
3. 2nd Brick Wall phase



Start Up Phase

Obviously this is when a business is weakest both from a financial and an experience point of view.

The main pressures on the business owner are:

1. Getting enough revenue
2. Establishing distribution channels
3. Having the confidence to make the required investment for growth
4. Accessing the required seed capital

During this phase we emphasise the **revenue** area of the business



Growth Phase

Whilst this is a positive period for the business from a revenue perspective, it's very easy for a business to lose control and fail unexpectedly.

The main pressures on the business owner are:

1. Handling the demand for services
2. Staffing and resourcing the growing business
3. Understanding the balance between capacity growth and revenue growth
4. Accessing adequate working capital

During this phase we emphasise the ***infrastructure*** area of business



2nd Brick Wall Phase

The business is at a mature stage however if the necessary platforms have not been put in place, the stress and demands on the owner and key personnel can be overwhelming.

The main pressures on the business owner are:

1. Lack of effective delegation and succession
2. Overreliance on key individuals
3. Falling levels of profitability (uncontrolled expense)
4. A general sense of disillusionment

During this phase we emphasis ***strategic*** areas to change to an advanced growth business

Exit and Value Creation



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Calculating Business Value

There are many different ways to assess the value of a business but the most common way is the earnings multiple model

$$\text{Value} = \text{Earnings} \times \text{Multiple}$$

Where Earnings is usually a revenue or profit based figure and the Multiple is an assumed industry benchmark

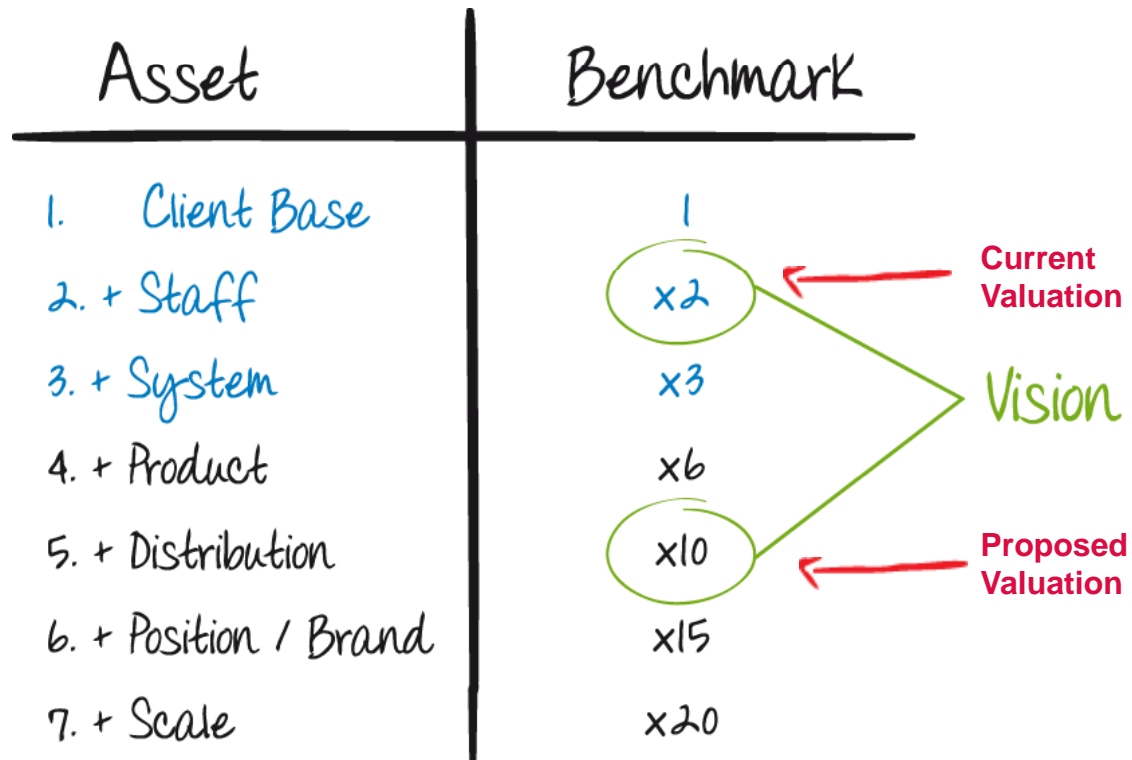
But is the multiple a standard figure, or can it be increased?

How do you increase it?

Valuation Framework

Asset	Benchmark
1. Client Base	1
2. + Staff	x2
3. + System	x3
4. + Product	x6
5. + Distribution	x10
6. + Position / Brand	x15
7. + Scale	x20

Setting a Vision for increasing value





Creating Business Value

It is easier to create business value through working on improving the multiplier than by concentrating on earnings

Improving the **Multiplier** from 2x to 3x will give a 50% uplift in valuation.

How much harder is it to achieve an uplift in **earnings** of 50%?

How difficult would it be to maintain this over successive years?



— End of Presentation —

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Enhancing Entrepreneurship for SMEs

Hanoi 17 -19 June 2008

APEC SME WG

Management Skills, Coaching and Mentoring

Practical applications, experience and techniques to help governments assist entrepreneurs and SMEs

Lindsay Munns

Shirlaws Australia

Business Coach to the SME sector

lmunns@shirlawscoaching.com

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Agenda

Agenda

- Managing staff effectively
- Working in context
- Layers of coaching
- Our process
- Management capability



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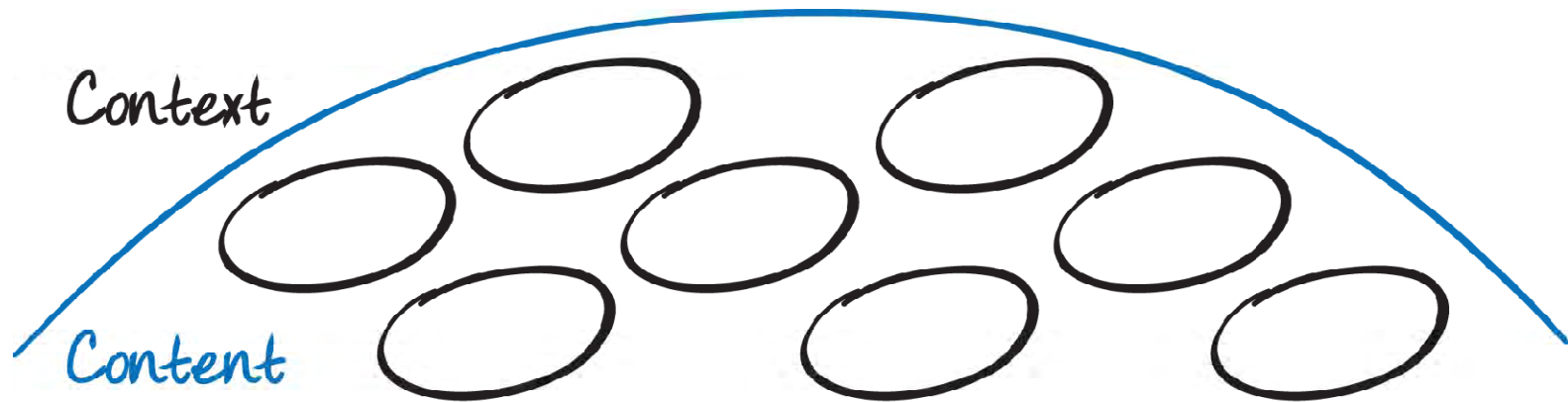
Managing Staff Effectively



Low ← Time invested – short term → High

Low ← Time saving – long term → High

Working in Context



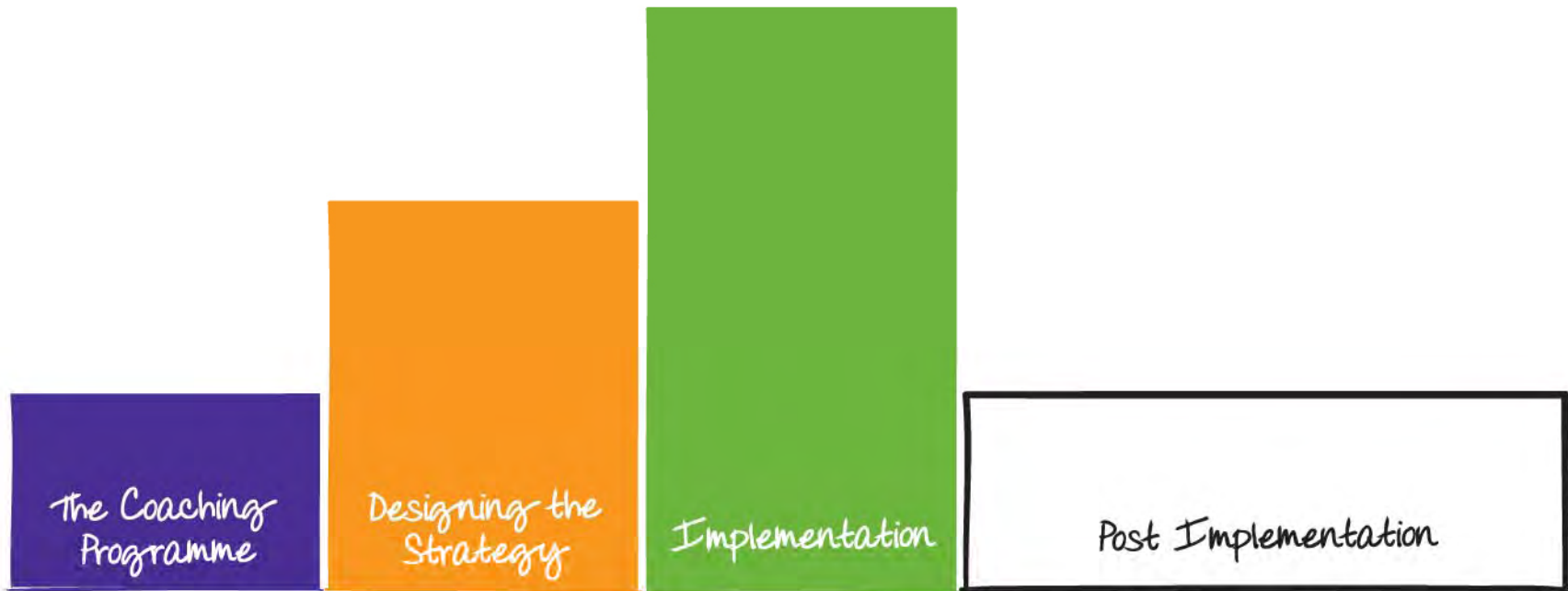
- CONTEXT adds meaning to CONTENT
- Issues are best resolved at a contextual level

Layers of Coaching

1	Concept	Hear the idea
2	Strategy	Education & plan
3	Implementation	Embedding change
4	Next Phase	Planning ahead
5	Leverage	Fully integrating



Our process



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Management Capability

Layer	Managing Staff	Strategy	Managing Your Money	Structure	Equity Value	New Products A P2	Marketing	Source Clients	Converting Clients	Loyalty of Client Base	Servicing Clients	Culture	Decision Making	Lifestyle Balance	KPIs	Infrastructure	Communication	Training	Business Cycle	Management Team
1																				
2																				
3																				
4																				
5																				

Summary

- It is more effective to coach and mentor staff
- Work in context rather than content when resolving issues
- Don't go straight from concept to implementation
- SME owners need to build up management capabilities as well as technical skills





— End of Presentation —

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Intellectual Property Protection and Market Access (with Focus on United States)

Presented By:
Candace Chen, President
Power Clean 2000, Inc.
And
Whole Earth Essentials, LLC
Los Angeles, California USA

U.S. Patent and Trademark Office

(An Agency of the U.S. Department of Commerce)

- The office employs over 7,000 full time staff to support its major functions
- Examination and issuance of patents and the examination and registration of trademarks.
- Education through public seminars
- Online filing of trademarks
- Electronic filing of patent applications
- Online database
- USPTO.GOV

Types of Intellectual Property

- Patents – Utility, Design, Plant
- Deliberate, unauthorized use of the invention of another
- Trademarks – McDonalds
- Trade Dress – Mickey Mouse Ears, Coca Cola Bottle
- Deliberate copying of a mark or use of something confusingly similar
- Trade Secrets
- Formula for Coca Cola
- Pattern, technique, program
- Violation not in the use, but in the way info is obtained
- Copyrights – Music and Pictorials

Getting Started

- Is there a need or market for your invention?
- Find the best lawyer you can afford
- Is the invention patentable? Is it unique?
- Infringement and patentability search
- How do you finance your invention?
- How do you finance your marketing?

Protecting The Invention

Common Sense Approach

- Require all employees sign confidentiality and secrecy agreements
- Access to a patent attorney
- Inventor should keep a log of when he thought of different things and when he tried them, good to have witness.
- Store Trade Secrets in a safe area
- Always require confidentiality and secrecy agreements with vendors
- In the U.S. - Government only gives creator of Intellectual Property right to enforce their invention, but not participate in infringement action (civil not criminal)

Statistics – USA

- Average of 149,000 Utility Patents issued per year over last 10 years (1995-2005)
- Design Patents issued per year – averaged over 14,700 every year over last 10 years (1995-2005)
- 350,000 utility patent application received each year
- 30% filed by small inventors
- 2001 there were 8314 patent suits
- 2005 there were 12184 patent suits

Cost of Lawsuits

- Legal services, court fees, travel expenses, analytical
- testing, expert witnesses, translators, surveys, jury advisors, similar expenses for either party:
- Patent Infringement Suit
- 2005 - \$2,000,000
- Trademark Infringement Suit
- 2005 - \$700,000
- Copyright Infringement Suit
- 2005 - \$440,000

Common Problems Faced by SMEs

- IP litigation is very expensive because it is complicated
- Just because a patent is issued does not mean that you do not infringe on another patent
- Why sue? Publicity, to protect right
- Why give up? Costs more to enforce

Recommendations

(Selling IP Into or Out of USA)

- Due diligence of business partners
- Take step by step approach – feasible to start with dated technology?
- Defense policy responds to defending infringement suits
- Abatement policy responds to stop production and invalidate infringing patents
- Never put all your eggs in one basket

Thank You!

Questions?
Comments?
Just Curious?

Contact Info:

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*State and Local Level Resources
Aimed at helping SMEs do business
and develop partnerships overseas
(California Focus)*

Presented By:
Candace Chen, President
Power Clean 2000, Inc.
And
Whole Earth Essentials, LLC
Los Angeles, California USA

California Advantage

- 6th largest economy in the world
- Largest in US
- Second largest is New York's economy at only 60% the size of California's \$1.5 trillion
- 50% of trade related jobs are in California

- #1 in export related jobs (1 out of 12 jobs)
- #1 in agricultural exports (15% total value)
- #1 in computers and electronics (42%)
- #2 overall, behind Texas

Structure

Governor

Business
Transportation
Housing Authority

Office of International Trade
www.bth.ca.gov

Examples of California's Trade Partners

- **World Trade Centers**
- **World Trade Center of Los Angeles**
- **(Co-Exist with USEAC Downtown Los Angeles)**
- **Local Trade Associations**
- **Valley International Trade Association**
- **Chambers of Commerce**
- **California Chamber of Commerce**
- **Los Angeles Area Chamber of Commerce**
- **Ethnic Trade Associations**
- **Japan American Society of Southern California**
- **Women in International Trade**
- **Foreign Trade Association of Southern California**
- **Cities and Counties**
- **San Bernardino**
- **Los Angeles**

Other Resources

- UPS - Seminars
- FEDEX – Export University
- GOOGLE
- EBAY
- PNC Bank
- SCORE
- CITDs
- World Trade Week

S.C.O.R.E.

- Senior Corp of Retired Executives
- Non-profit organization of about 10,500 volunteer counselors
- Volunteers are mostly retired business owners, executives and corporate leaders who want to share their wisdom and lessons learned in business.
- Mentoring 24/7 via website/email
- 389 chapters throughout USA
- Service is FREE
- Works closely with Small Business Administration (SBA)
- www.score.org

Center for International Trade Development (CITD)

- Established in 1990
- Currently about 30 locations
- Joint program between Chancellor's Office of the California Community Colleges - Economic and Workforce Development Program, and selected community Colleges
- Funded by the State of California
- Hosted by a local community college
- Provides a variety of free or low-cost programs & services to assist local companies in doing business abroad.
- These include one-on-one technical assistance and consulting, market research, training and educational programs, trade leads and special events.

World Trade Month

- Created in 1926 by Los Angeles Area Chamber of Commerce
- Highlights international trade
- Community focus – achievement, benefits, education
- 1935, President Roosevelt signed into law a national observance of World Trade Week
- Week long event grown into more than 30 events held each year in month of May
- Observed in other major US Cities
- www.worldtradeweek.com

#1 Trading Partner for California?

- U.S. Department of Commerce!
- USEAC (US Export Assistance Center Directors are often Board members or Directors of these trading partners.
- DEC (District Export Council) members are often in leadership roles at these trading partners

Thank You!

- Let's hear from you -

Questions?

Contact Info:

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candacechen@cox.net

**APEC Training Course on Enhancing
Entrepreneurship Skills for SMEs**
Viet Nam, 17-19 June 2008

—

Economy Reports and Summary Report

Indonesia

Initiative Toward the Strengthening of National Innovation System



Totok Hari Wibowo

Agency for the Assessment and Application of Technology

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OUTLINE



Rationale

Low Productivity

2006		SMEs	Big Enterprise	Total
Business Units	Total (unit)	48,900,000	9,782	48,909,782
	Percentage (%)	99.98	0.02	100.00
Labor Force	Total (people)	85,400,000	3,391,849	88,791,849
	Percentage (%)	96.18	3.82	100.00
Contribution to GDP	Total (trillion Rupiah)	177,875	155,945	3,338.20
	Percentage (%)	53.28	46.72	100.00

* Small-sized Enterprise 37,7% & Medium-sized Enterprise 15,6%

Source: CBS (2006)

Rationale

World Competitiveness Report (IMD)

Country	2006	2005	2004	2002	2000	1998
USA	1	1	1	1	1	1
Singapore	3	3	2	8	2	2
Malaysia	23	28	16	24	26	12
Korea	38	29	35	29	29	36
Japan	17	21	23	27	21	20
China	19	31	24	28	24	21
Thailand	32	27	29	31	31	41
Indonesia	60	59	58	47	43	40
Total Country (n)	(n= 61)	(n = 60)	(n = 60)	(n = 49)	(n = 49)	(n = 49)

Source: WEF (2007)

Rationale

Comparison of Knowledge Economic Indicators 2004

Country	Economic Incentive Regime	Innovation	Education	Information Infrastructure
Finland	8.61	9.63	9.17	9.13
AS	7.81	9.39	8.43	9.03
Australia	8.14	8.62	9.14	8.67
New Zealand	8.28	7.94	8.95	8.43
Germany	7.95	8.82	7.87	8.82
Japan	7.23	9.26	8.09	8.40
Singapore	9.53	8.67	5.61	9.13
Korea	6.10	8.04	7.80	9.03
Malaysia	5.52	4.42	4.51	6.81
Thailand	5.88	3.58	5.80	4.94
The World	4.55	4.88	4.90	4.96
China	2.42	4.13	3.04	4.35
Indonesia	2.41	1.74	3.43	2.71
India	2.78	3.20	2.13	1.95

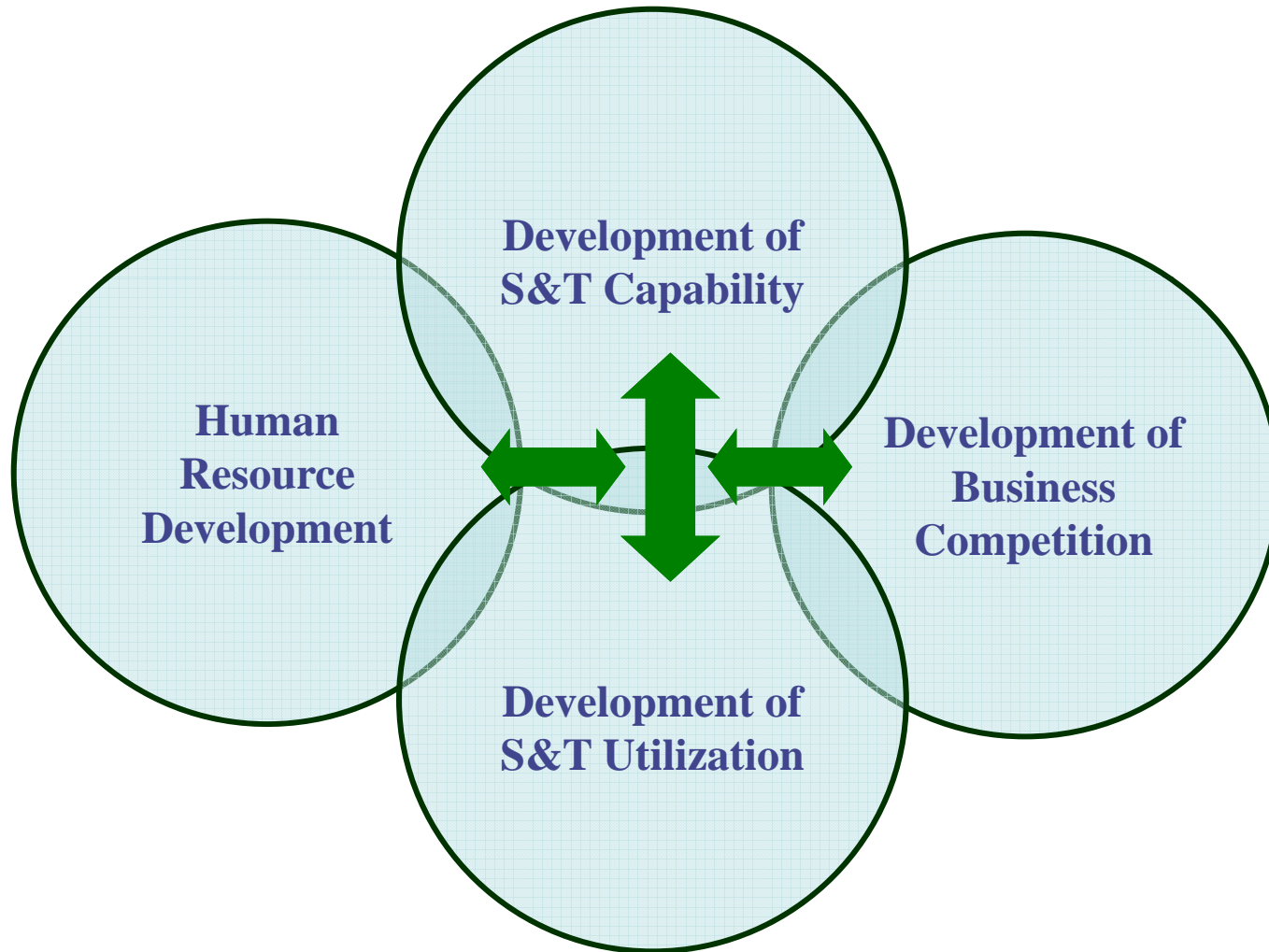
Source: Online Data from the World Bank's site 1998 -2004

Innovation and NIS(s)

- ◆ Innovation is commercial application of new technology, new product, or new process, so that
- ◆ NIS(s) is a network consisting of public and private institutions that dealing with researching, importation, adaptation, and diffusing of new technology.
- ◆ NIS(s) is NOT a stand alone topic to research; It is rooted in the production and consumption systems which is a part of societal system.
- ◆ Product/process design is central in innovation System

Rationale

Direction in the Development of NIS(s)



Rationale

Example: Interconnectivity of Processes within NIS(s)



The strength of NIS depends on the weakest node (or link)

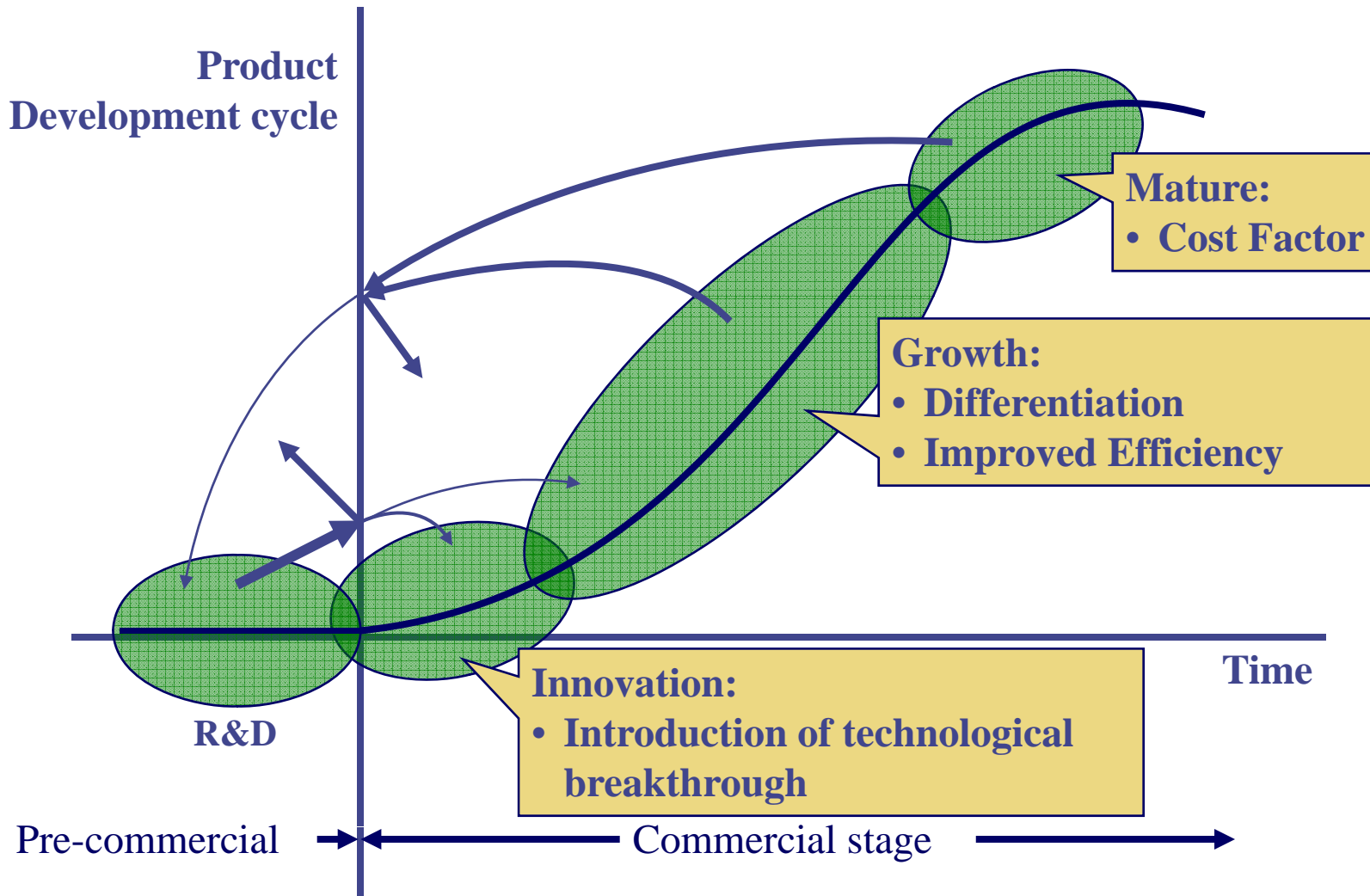
The question now, which node (or link) is the weakest?

Routine in NIS(s) Based Approach

- 1. Identify the weakest link**
- 2. Utilize the weakest link as much as it could**
- 3. Subordinate other links (and if needed also nodes) to the development scenario of the weakest link**
- 4. Improve the weakest link**
- 5. If the weakest link occur somewhere else, then start from step 1 again**

Rationale

The weakest is..... S&T Utilization




Existing Condition

Low Interaction between the three agents of innovation:
Academia, Business & Gov't (ABG)

- Inward orientation Academia,
- Mismatch of the Incentive Structure and Business needs
- Low trust from the side of Business toward Public Institutions.

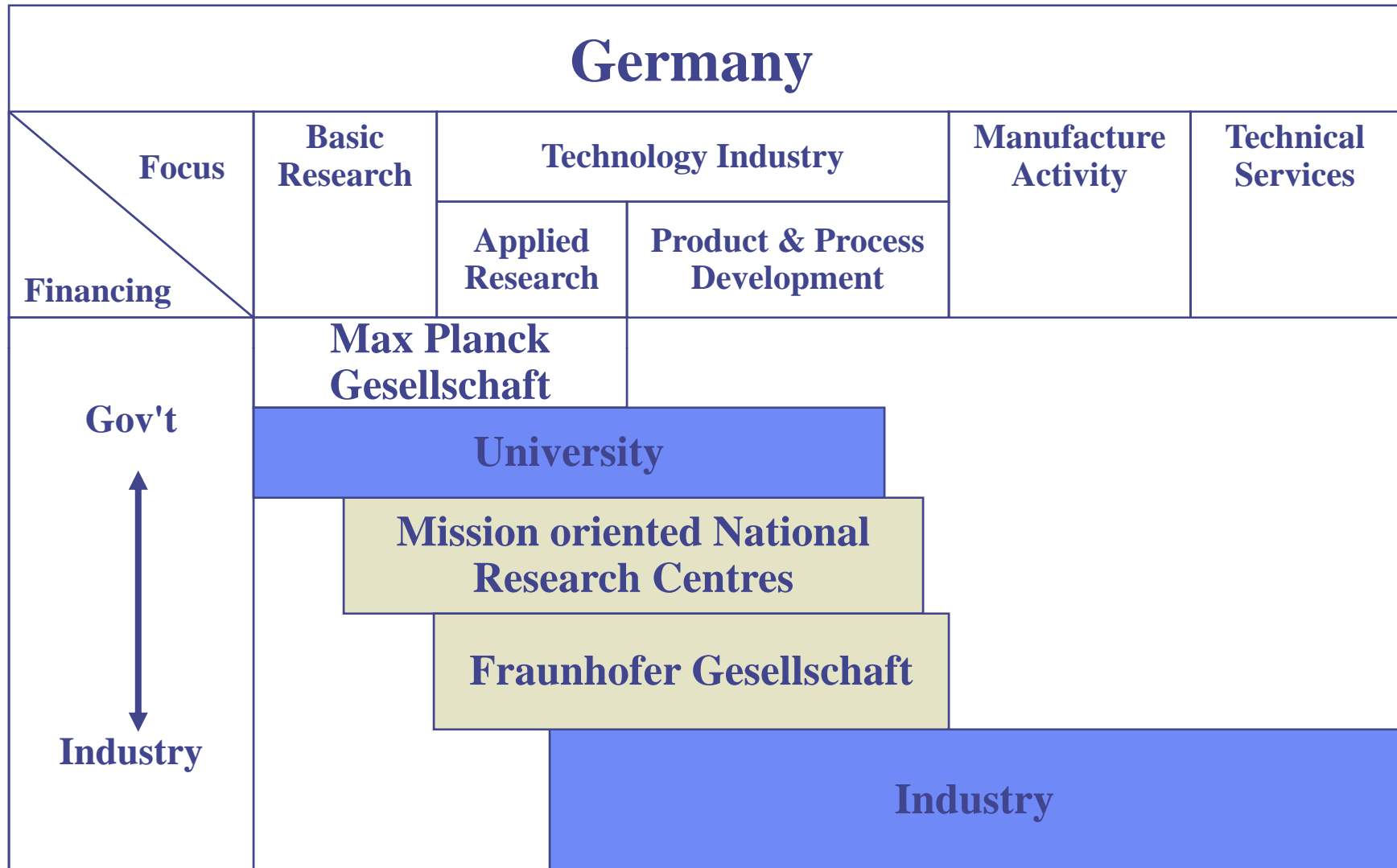
(Source: Studi Periskop 2002)

Innovation Policies in Various Countries

USA					
Focus	Basic Research	Technology Industry		Manufacture Activity	Technical Services
		Applied Research	Product & Process Development		
Financing					
Gov't  Industry	University				
	National Institutions and National Laboratory				
		Industry			


Source: Adjusted from Jawahar (2002)

Innovation Policies in Various Countries




Source: Adjusted from Jawahar (2002)

Innovation Policies in Various Countries

Japan					
Focus	Basic Research	Technology Industry		Manufacture Activity	Technical Services
		Applied Research	Product & Process Development		
Financing					
Gov't  Industry	University				
		National Institutions (Tsukuba Science Park, etc.)			
			Industry		

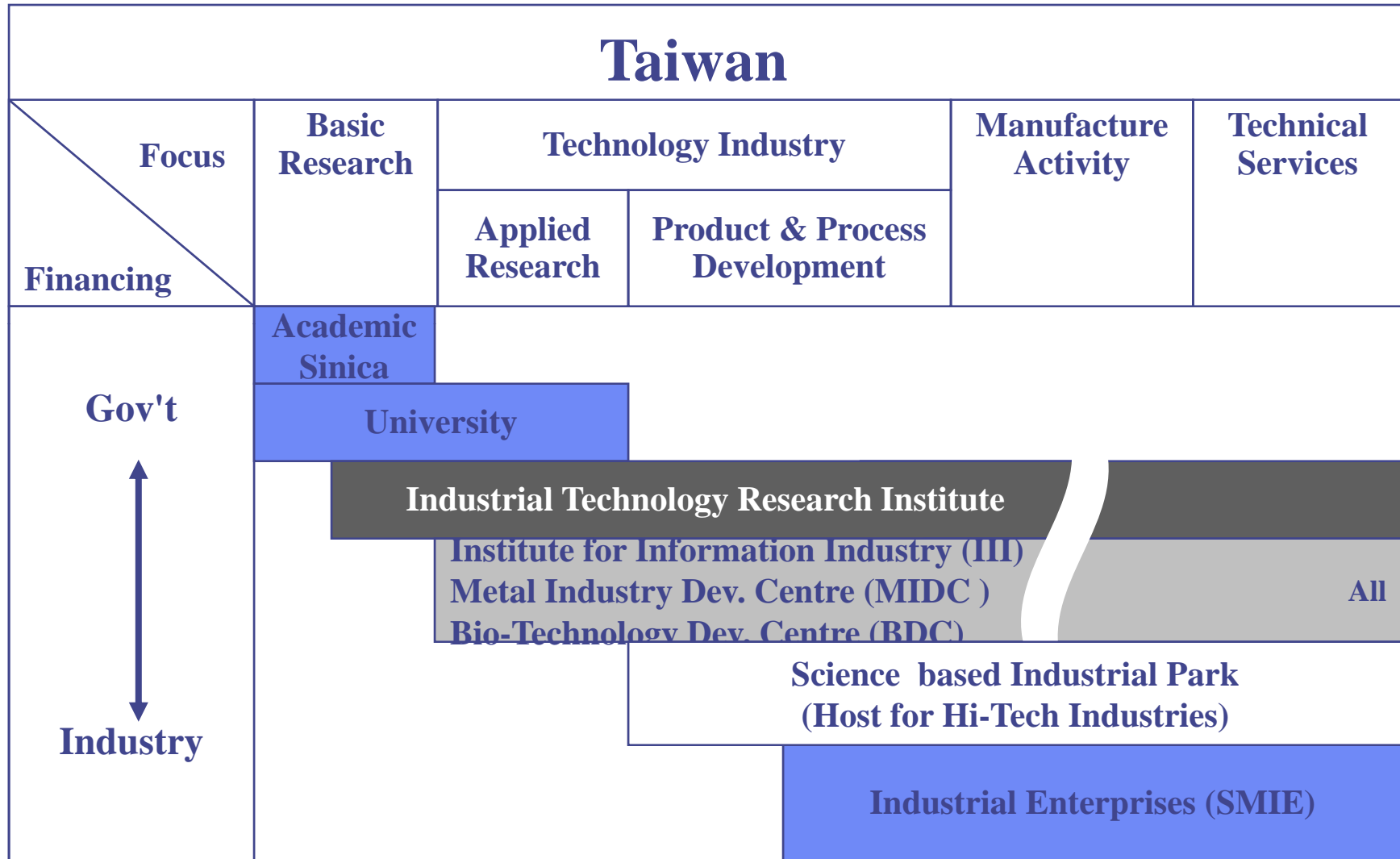
Source: Adjusted from Jawahar (2002)

Innovation Policies in Various Countries

China					
Focus	Basic Research	Technology Industry		Manufacture Activity	Technical Services
		Applied Research	Product & Process Development		
Financing					
Gov't  Industry	Universities, R&D Institutions				
	Ministries and Provincial Gov't				
			Industry		
				State Owned Enterprises	
					Joint Venture and SME

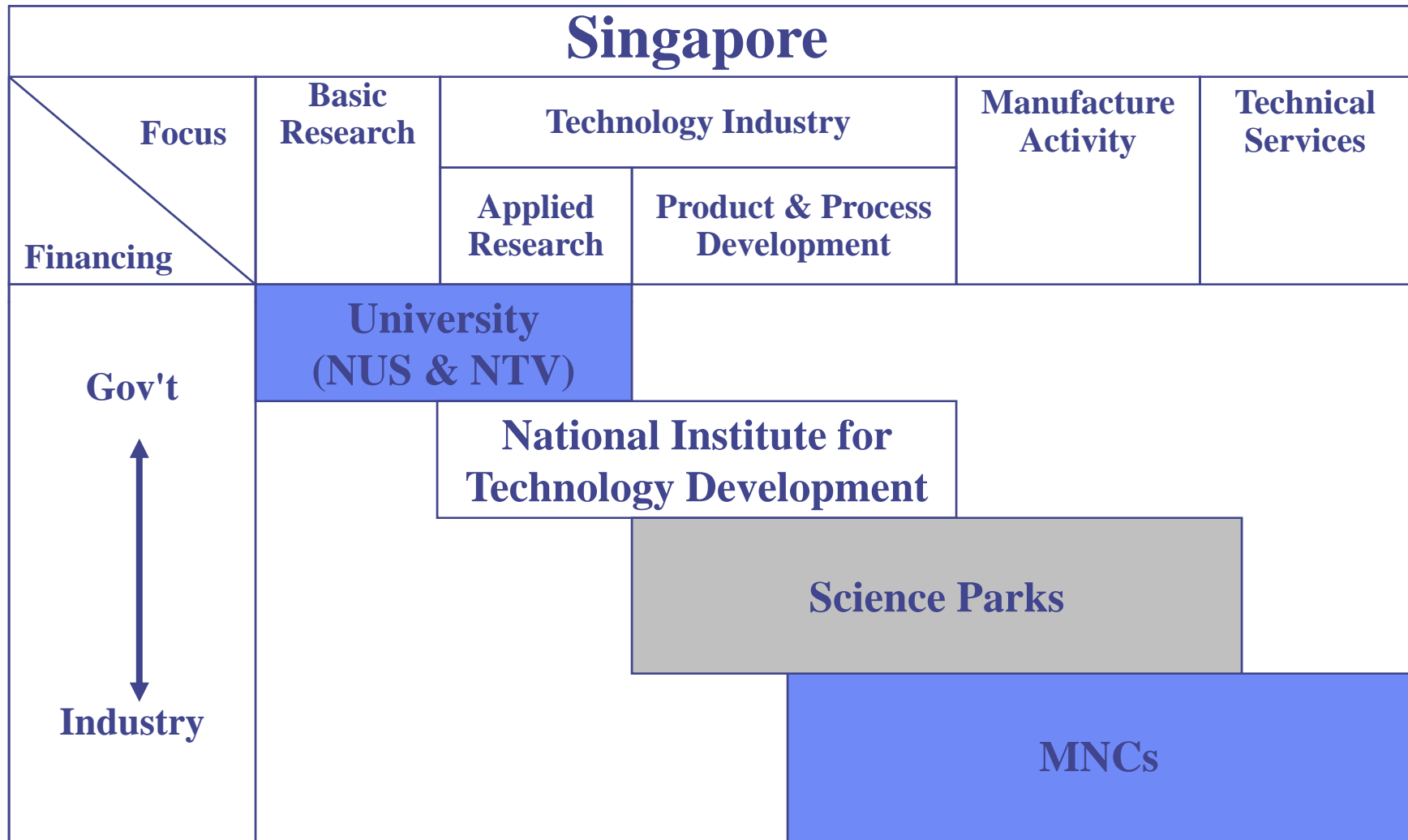
Source: Adjusted from Jawahar (2002)

Innovation Policies in Various Countries



Source: Adjusted from Jawahar (2002)

Innovation Policies in Various Countries



Source: Adjusted from Jawahar (2002)

NIS in Various Countries

SWEDEN — Institutional profile of the NIS

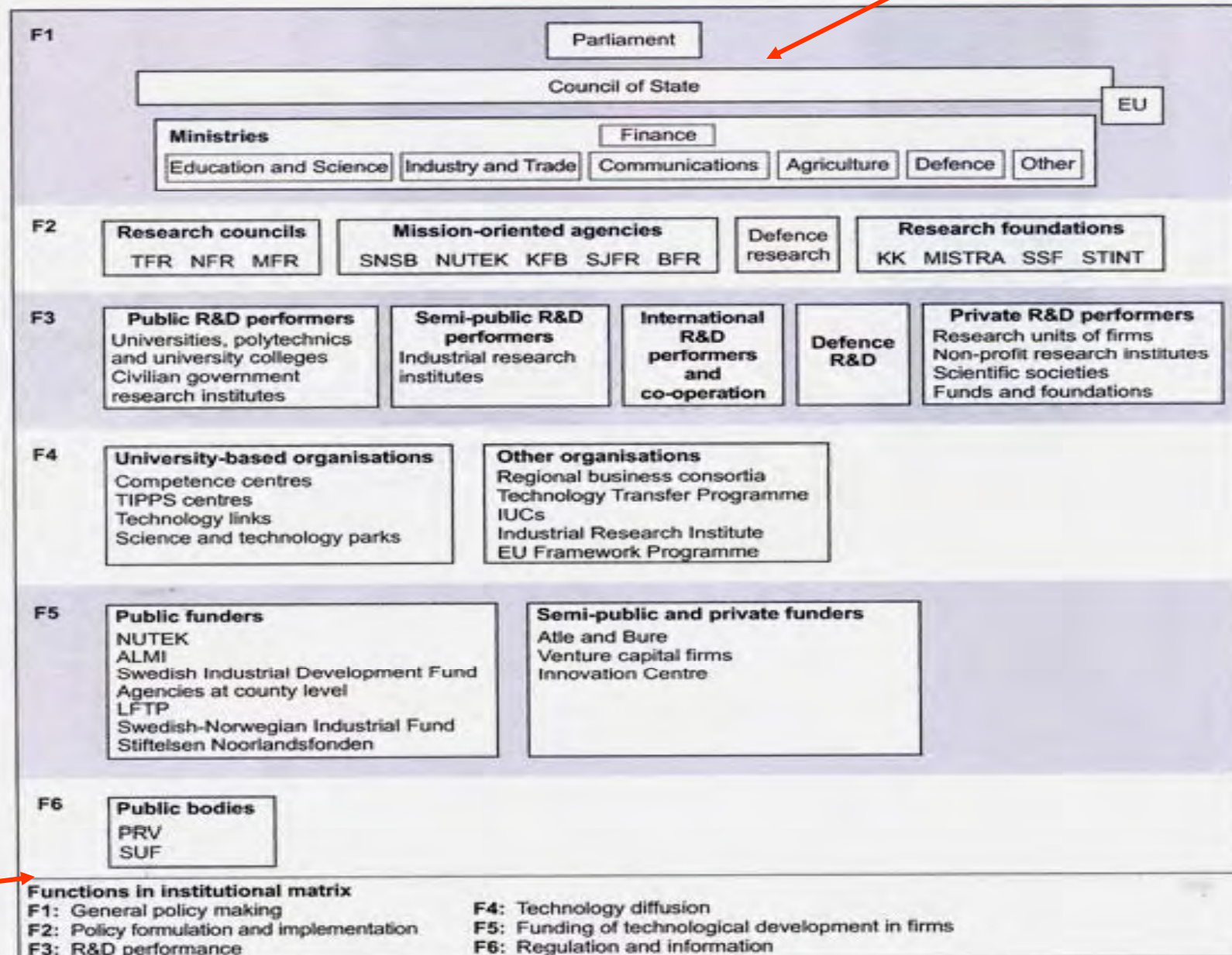
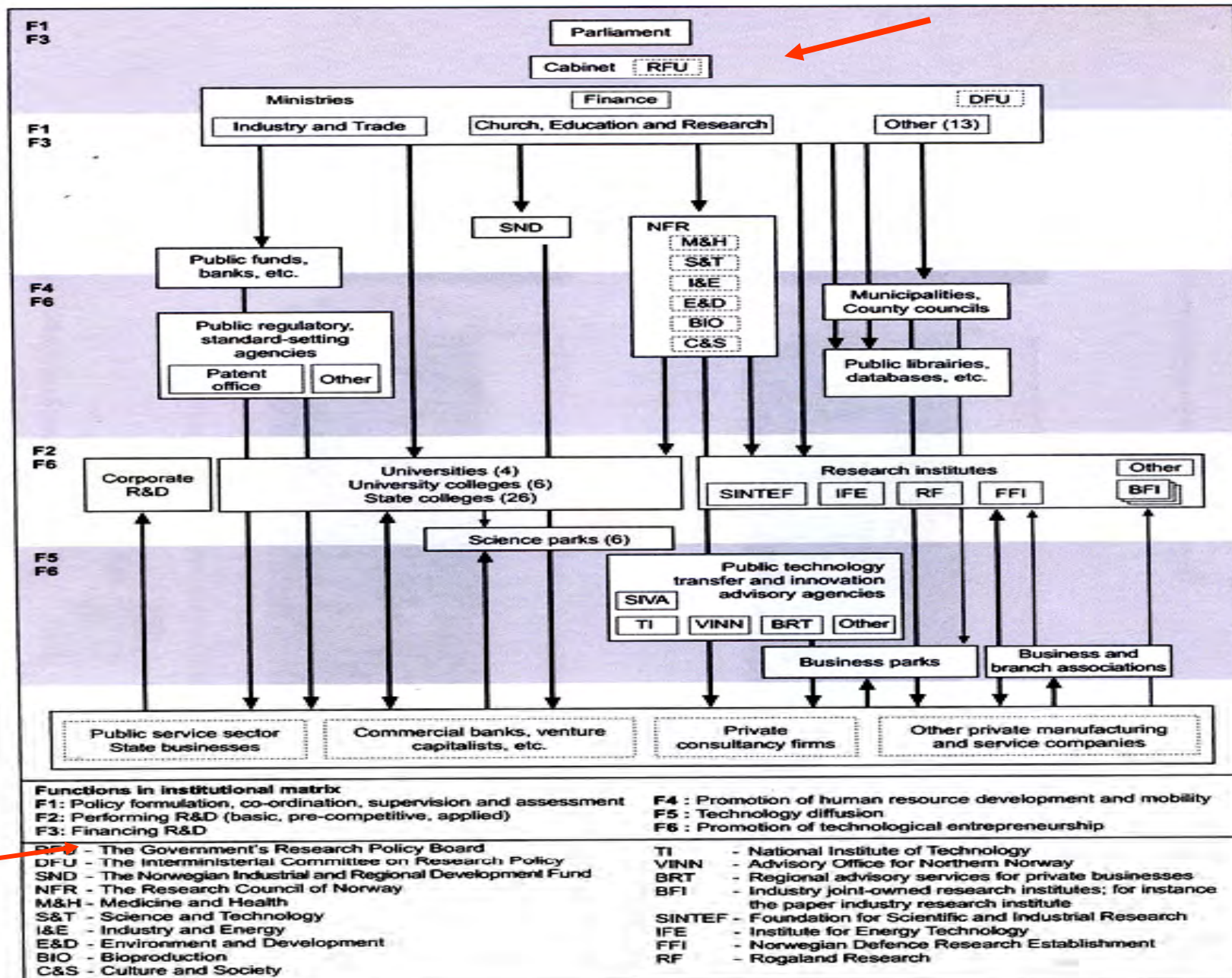
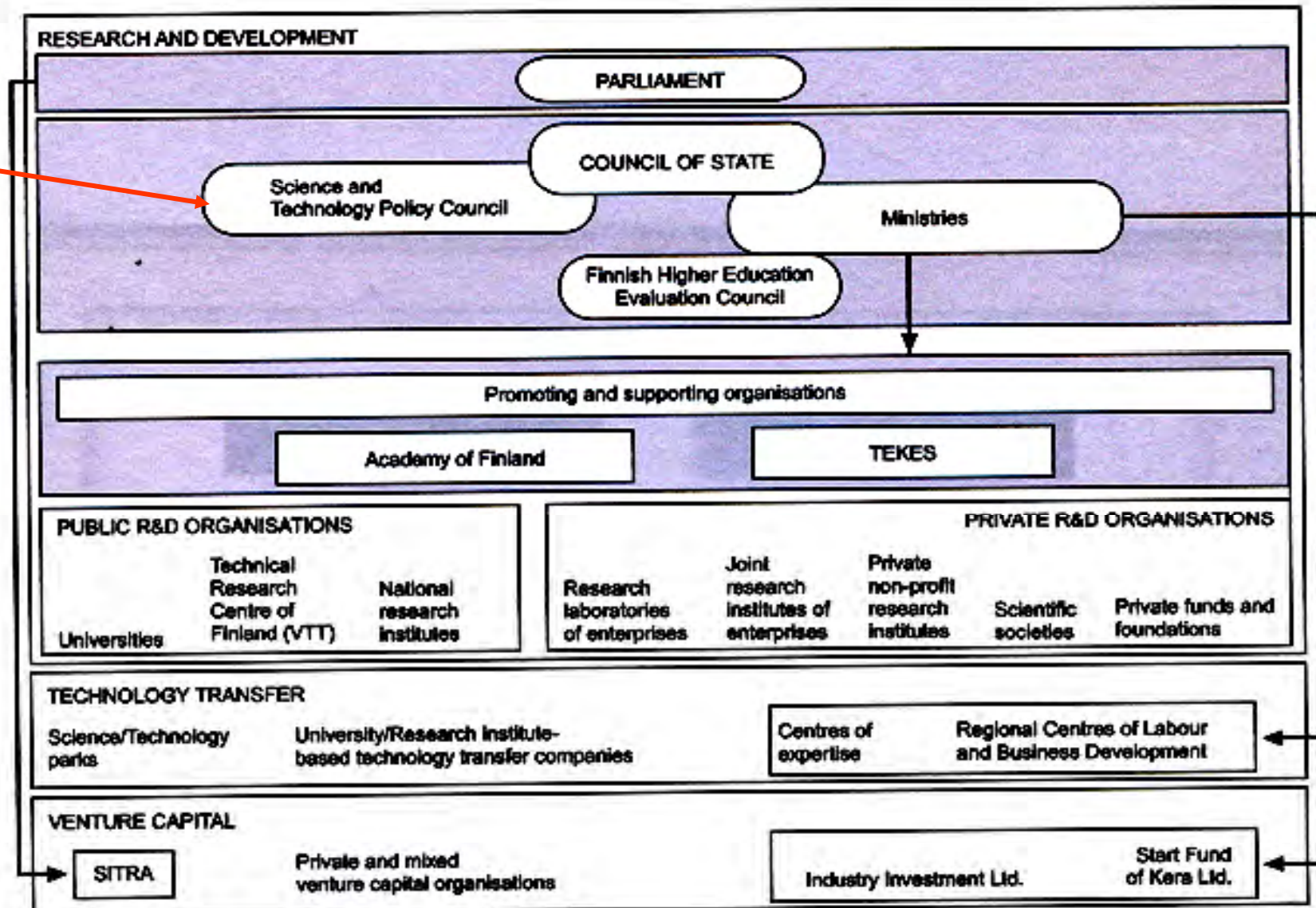


Figure 8. The Norwegian system of innovation – organisational structure NIS in Various Countries

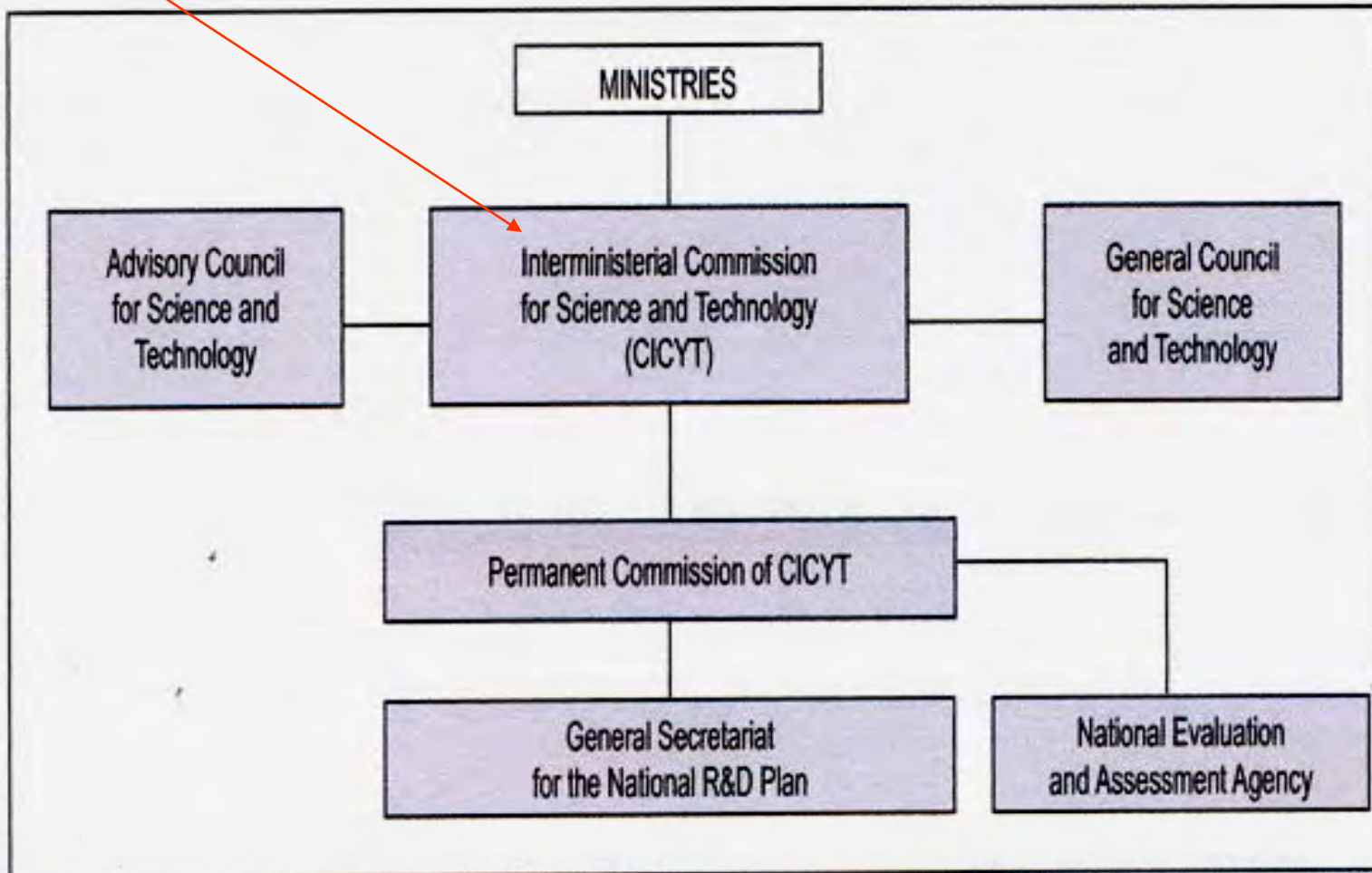


NIS in Various Countries

FINLAND — Institutional profile of the NIS

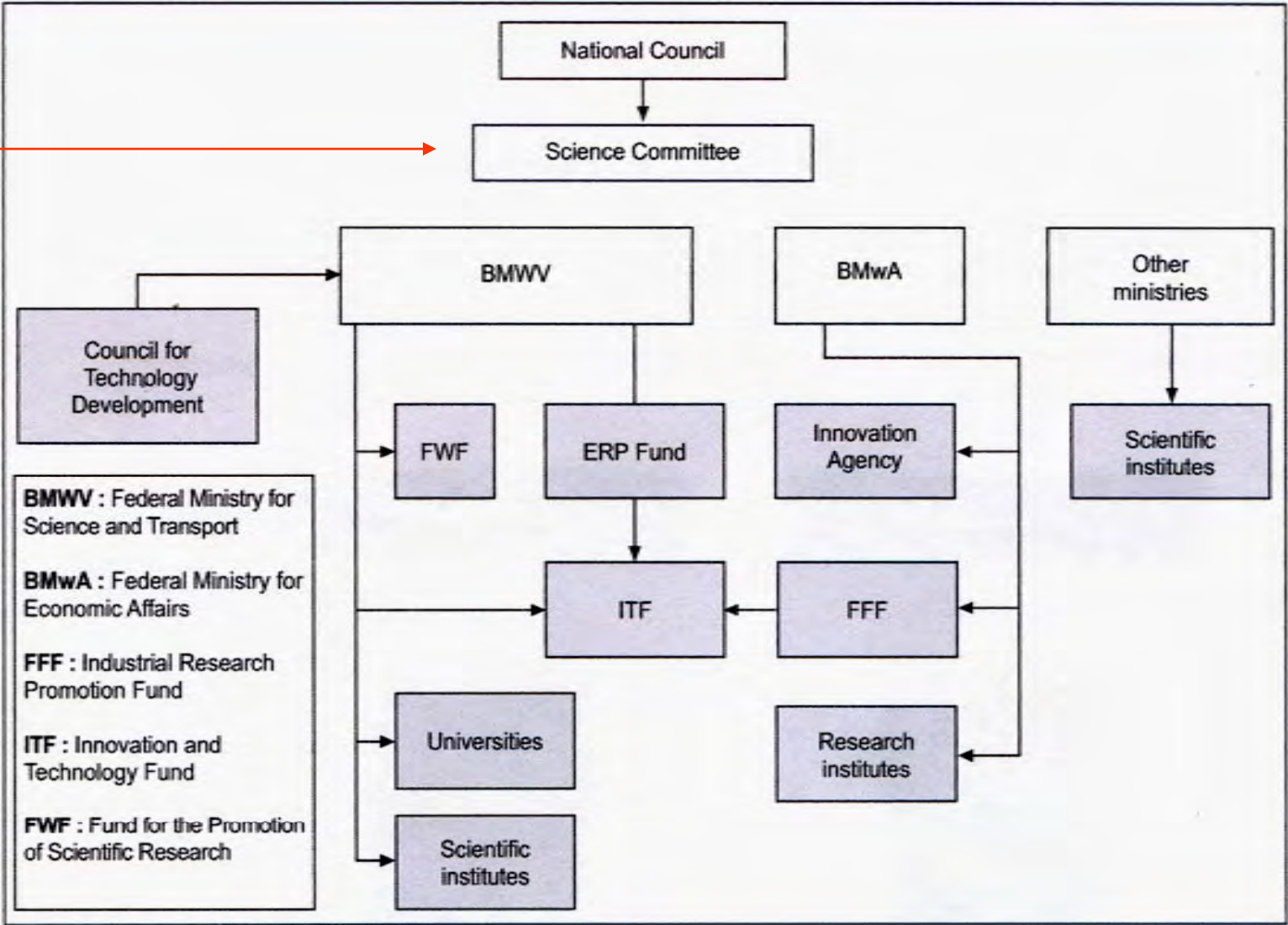


SPAIN — The organisation of technology and innovation policy

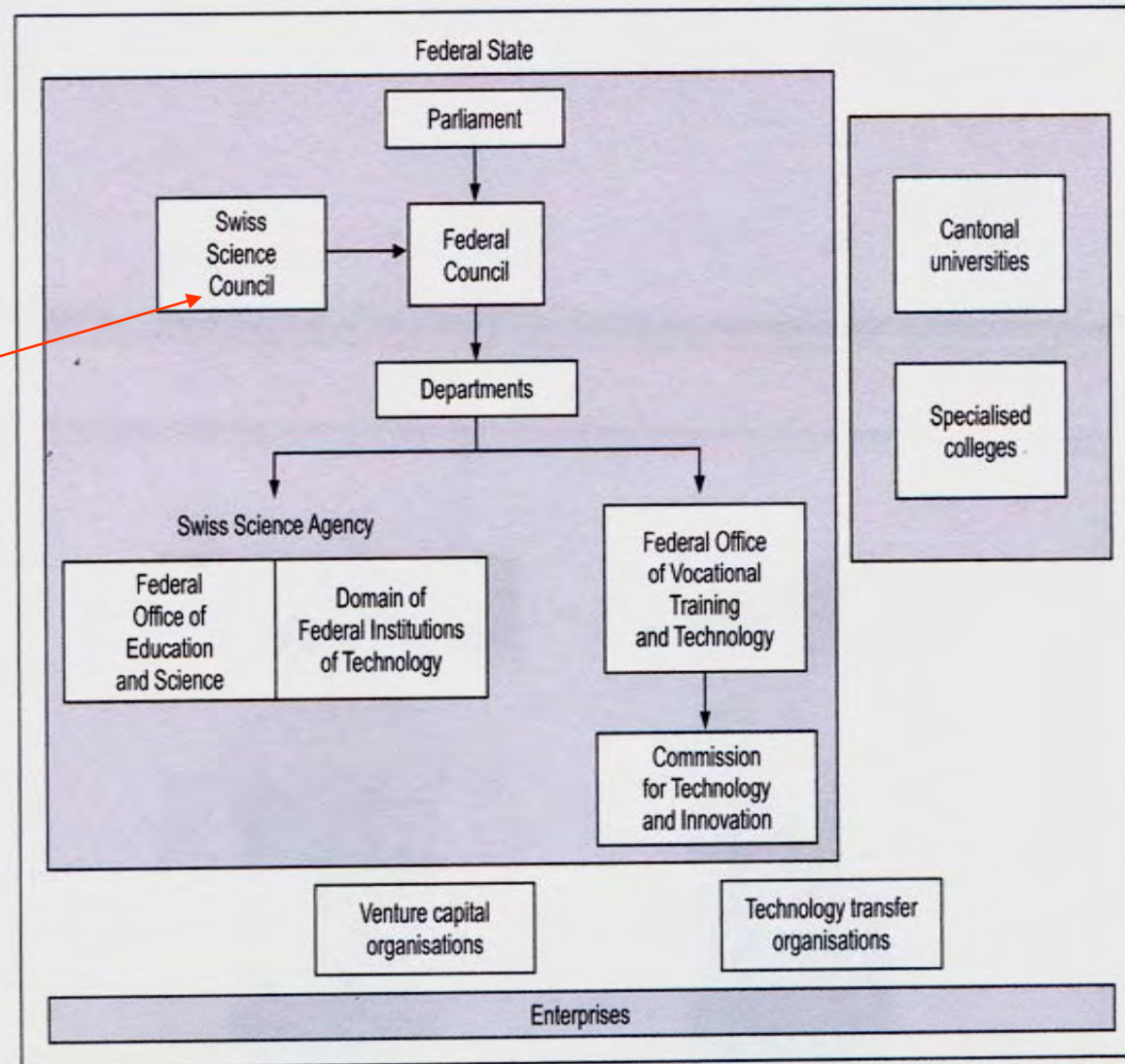


NIS in Various Countries

AUSTRIA — The organisation of technology and innovation policy

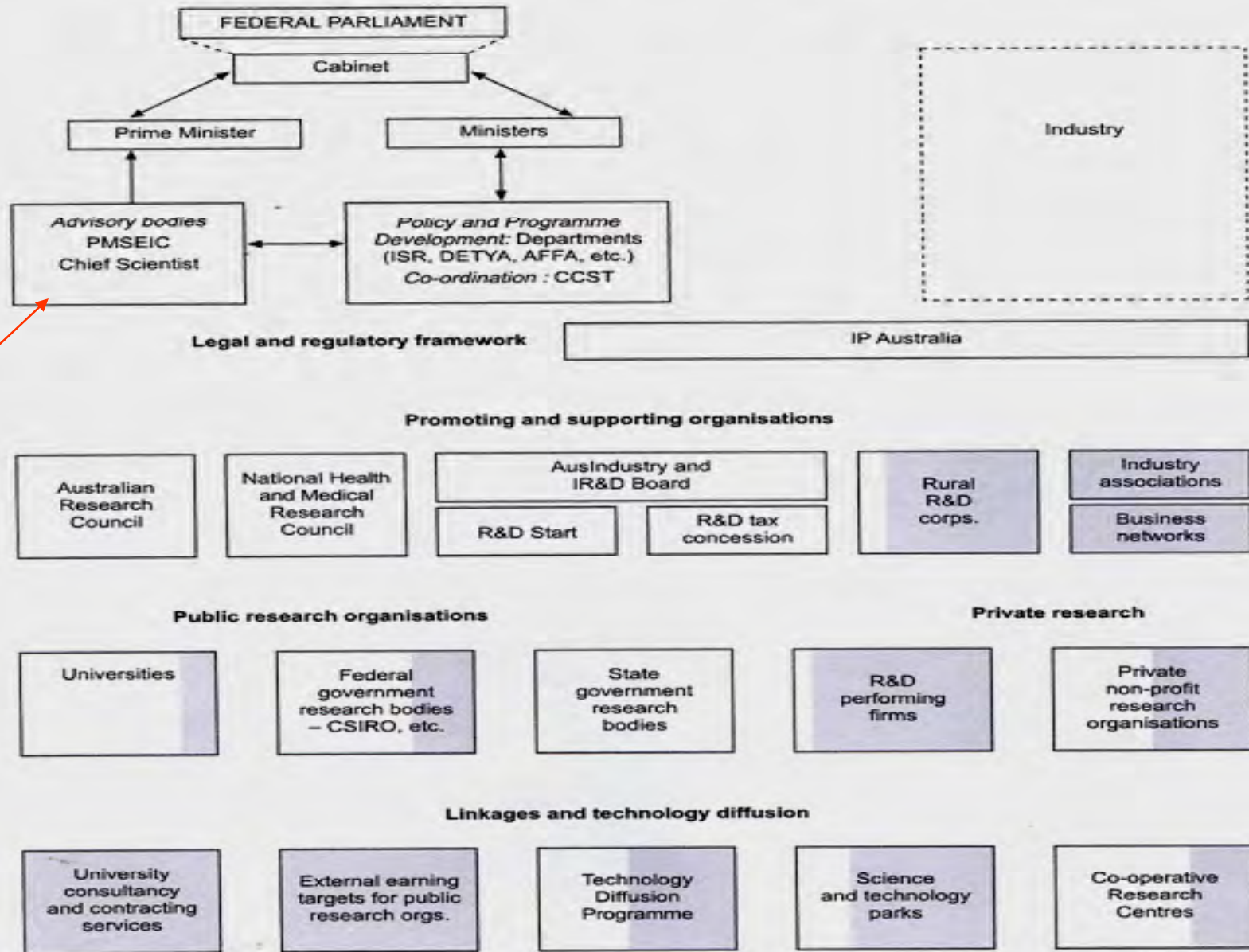


SWITZERLAND — Institutional profile of the NIS



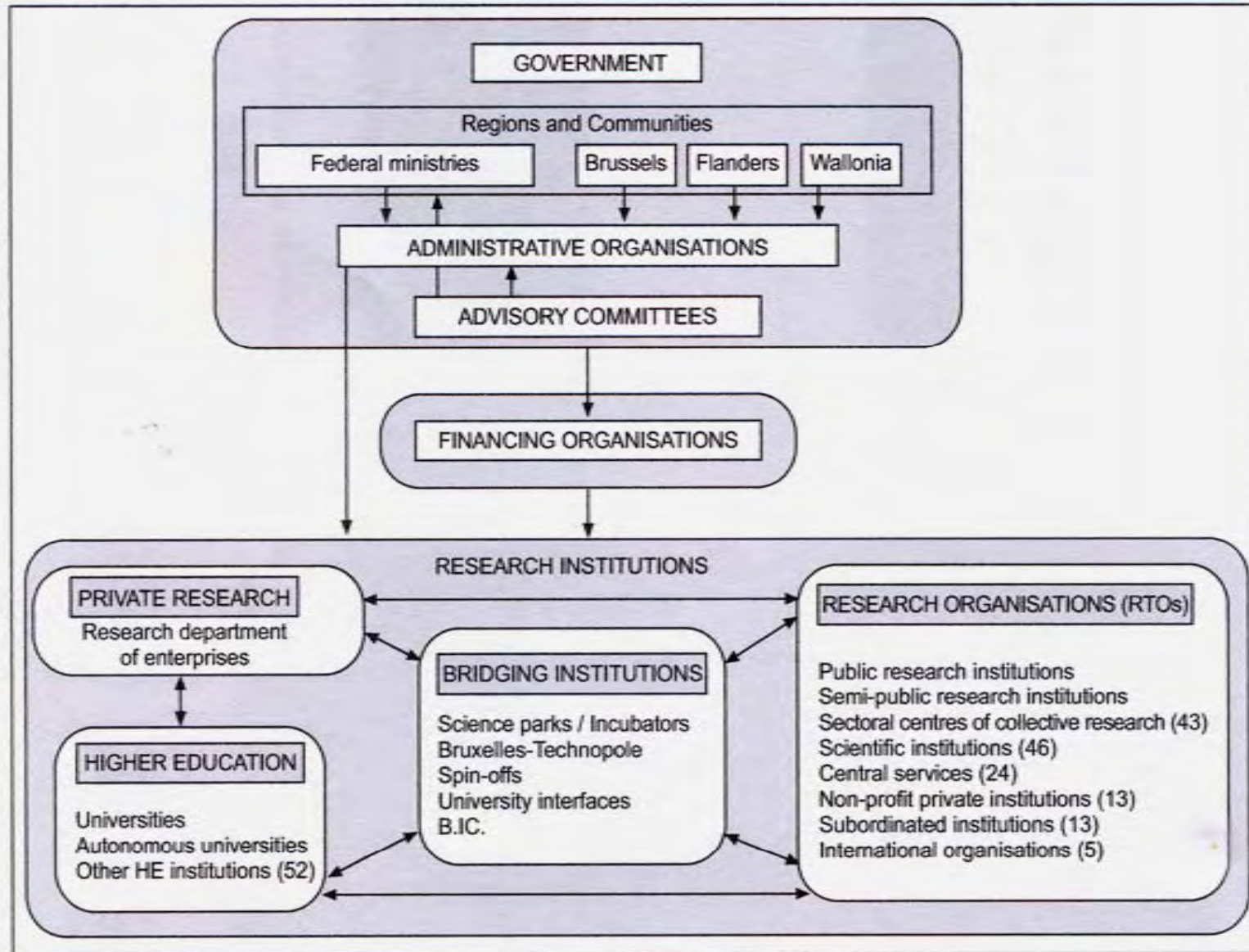
NIS in Various Countries

Figure 9. The Australian system of innovation – organisational structure



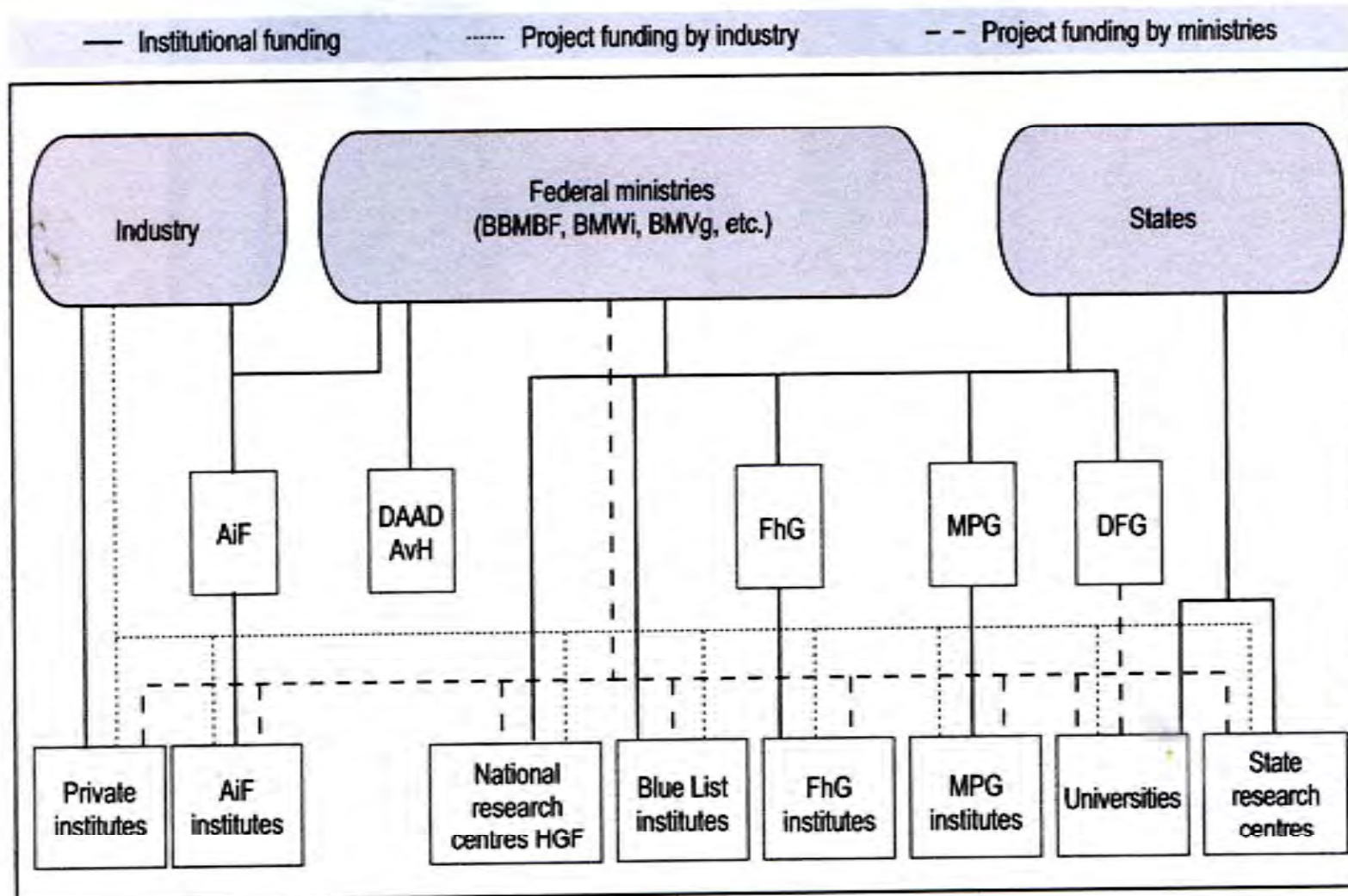
NIS in Various Countries

BELGIUM — Institutional profile of the NIS



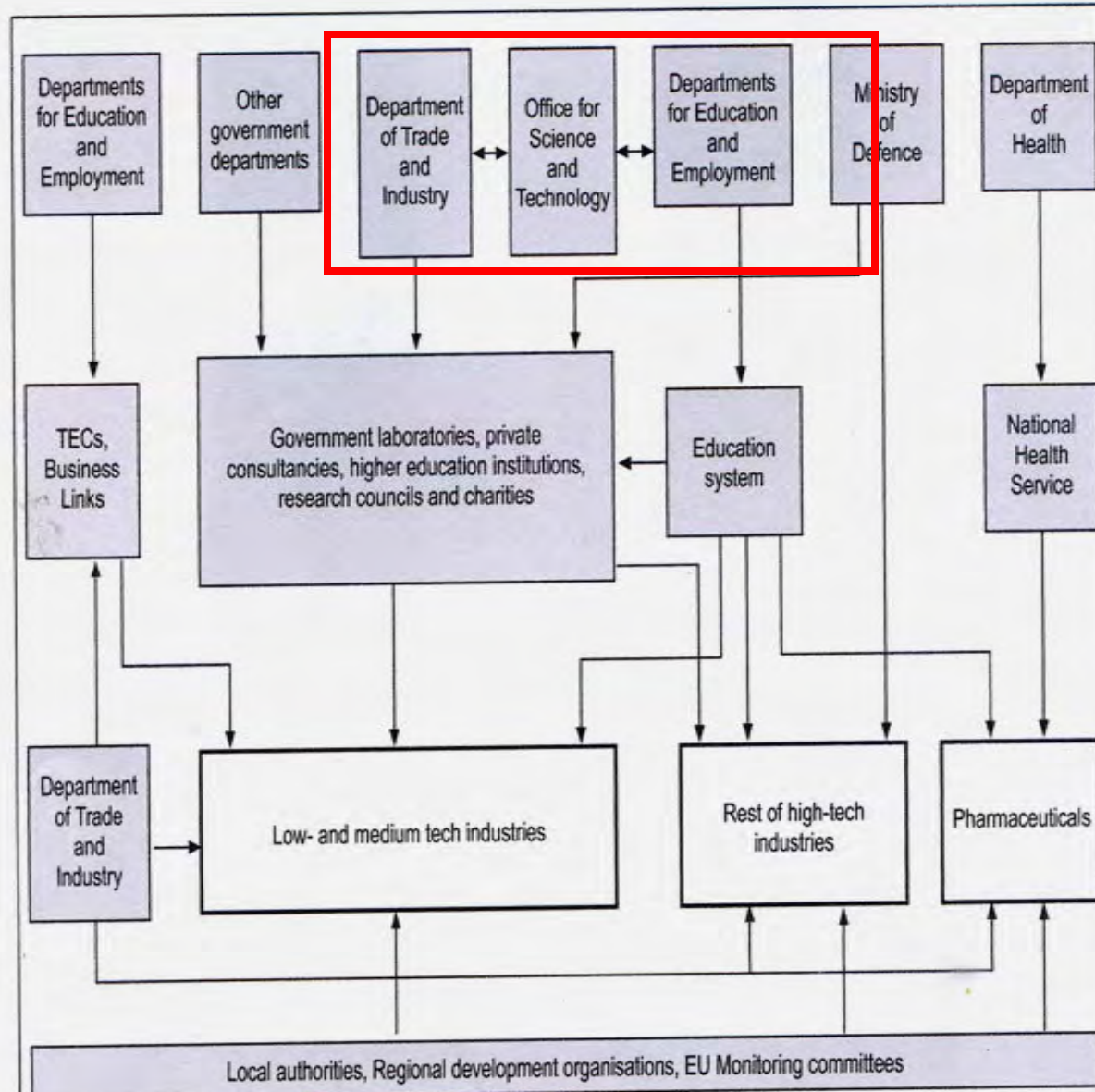
NIS in Various Countries

GERMANY — Institutional profile of the NIS



NIS in Various Countries

UNITED KINGDOM — Institutional profile of the NIS



Initiatives in SMEs Capacity Building

Home Grown Initiatives

Name/Program	Role/Function	Institution
BDSP Ministry of Cooperative & MSME	Non-financial services for SMEs	<ul style="list-style-type: none"> ■ Individual, ■ Business unit, ■ NGO, ■ Industry Associations.
Telecenter BAPPENAS	IT based empowerment.	People oriented mainly youth.
BIT (Technology Based Business Incubator) BPPT	Technology based start-ups	Unit within BPPT
BTC (Business Technology Center) BPPT	Development of Technology based business	Pilot project within BPPT

Initiatives in SMEs Capacity Building

Home Grown Initiatives: Incubators in Indonesia



- SPICE list : USU, PUSPIPTEK, IPB, ITB, IKOPIN, UNS, ITS, UNUD, UNM, Freeport
- Developing: UNAND, UNSOED, UGM, UNIBRAW, CITY OF SOLO
- ▲ International Cooperation : StarCall Wartelnet, Polytechnics : Riau, Payakumbuh, Polban, Polman, Malang, Pontianak, Banjarmasin, UNAIR

Initiatives in SMEs Capacity Building

International Initiatives

Program	Role	Supporting Institution
Small Business Innovation Research (SBIR), AS	<ul style="list-style-type: none"> ▪ Improve SMEs linkage with R&D institution ▪ Improve people participation in technology innovation ▪ Improve commercialization of technology 	US Govt
SME Innovation Centre – Brunei	Business incubator for IT based innovations.	Brunei Govt
Lithuanian Innovation Centre (LIC) – Lithuania	Development services for technology based start-up businesses	Lithuanian Govt
Business Development and Technology Transfer Corporation - Germany	Consultation services for start-ups on market potentials, patent, commercial cooperation and new technology innovation.	Consortium: Govt, Academia & Industry

Initiatives in SMEs Capacity Building

Summing up the Role of Ideal Innovation Center

Role	Function
◆ Business Development	Consultation services on productivity, general management & financial management
◆ Technology Development	<i>Prototyping, technology licensing (technology transfer)</i>
◆ Business Incubation	Development of innovative start-ups
◆ HRD	Training provider on apprenticeship and entrepreneurship
◆ Facility Provider	Provide multipurpose facilities
◆ Expertise Provider	Technical assistance on specific expertise
◆ Information Provider	Information services: technology, market, financing schema, IPR, etc
◆ Accreditation	Certification and accreditation of product or service
◆ Intermediaries	Technology, Market & Financial brokering
◆ Networking	Business partnership, R&D Cooperation, Consultative Forum

Working Definition

Innovation

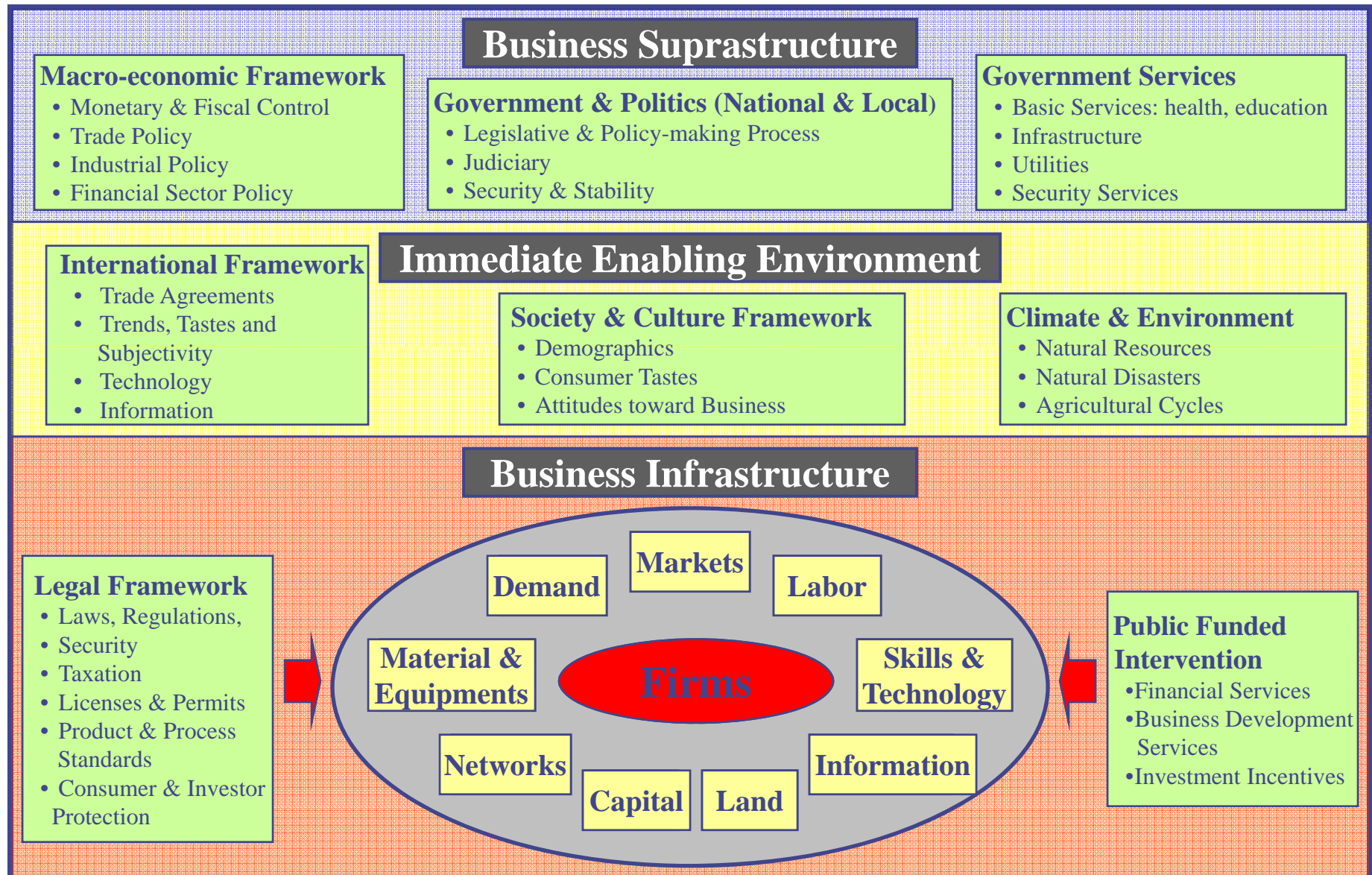
Research, development and/or engineering activity aiming at **developing of practical value** and **provision of new scientific context**, or **finding new way** for **the implementation of the existing Science and Technology** into **product or production process**.

(Source: Law No. 18 Year 2002 on National Innovation System)

SME Innovation Centre

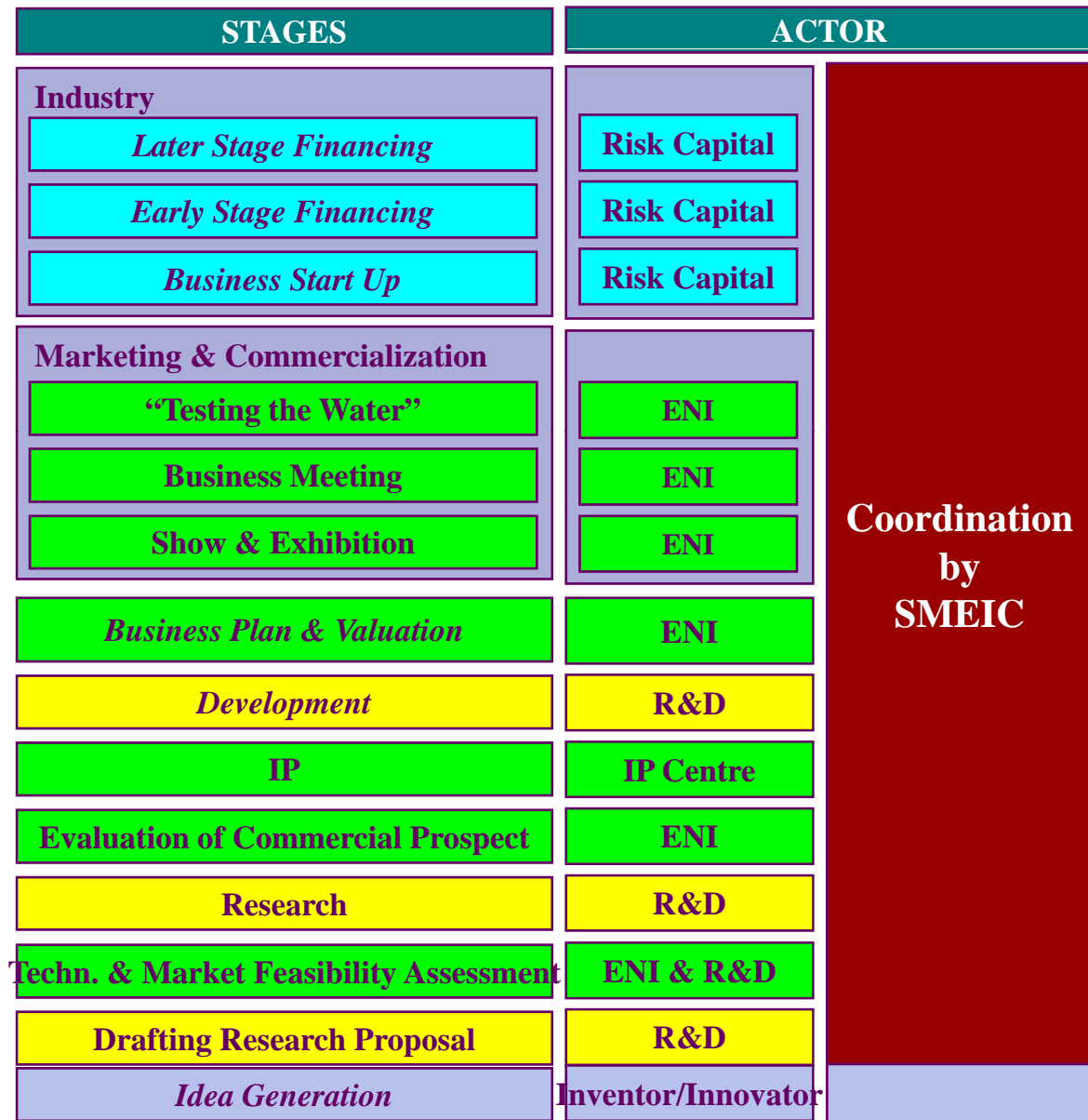
An institution that facilitates the transfer and diffusion of innovation to SMEs and promote the development of innovative SMEs

SMEIC - Business Environment

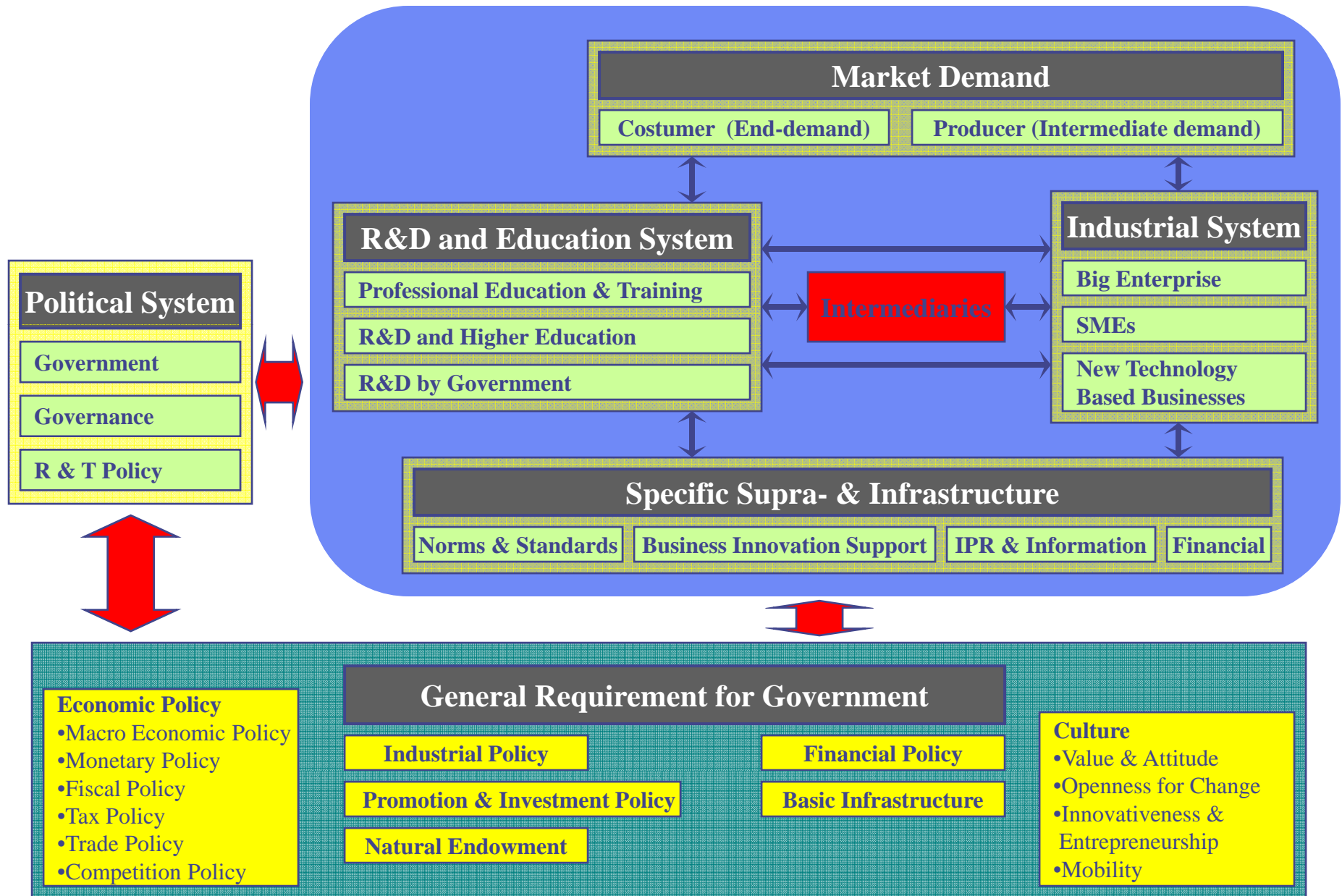


SMEIC - From Idea to Market

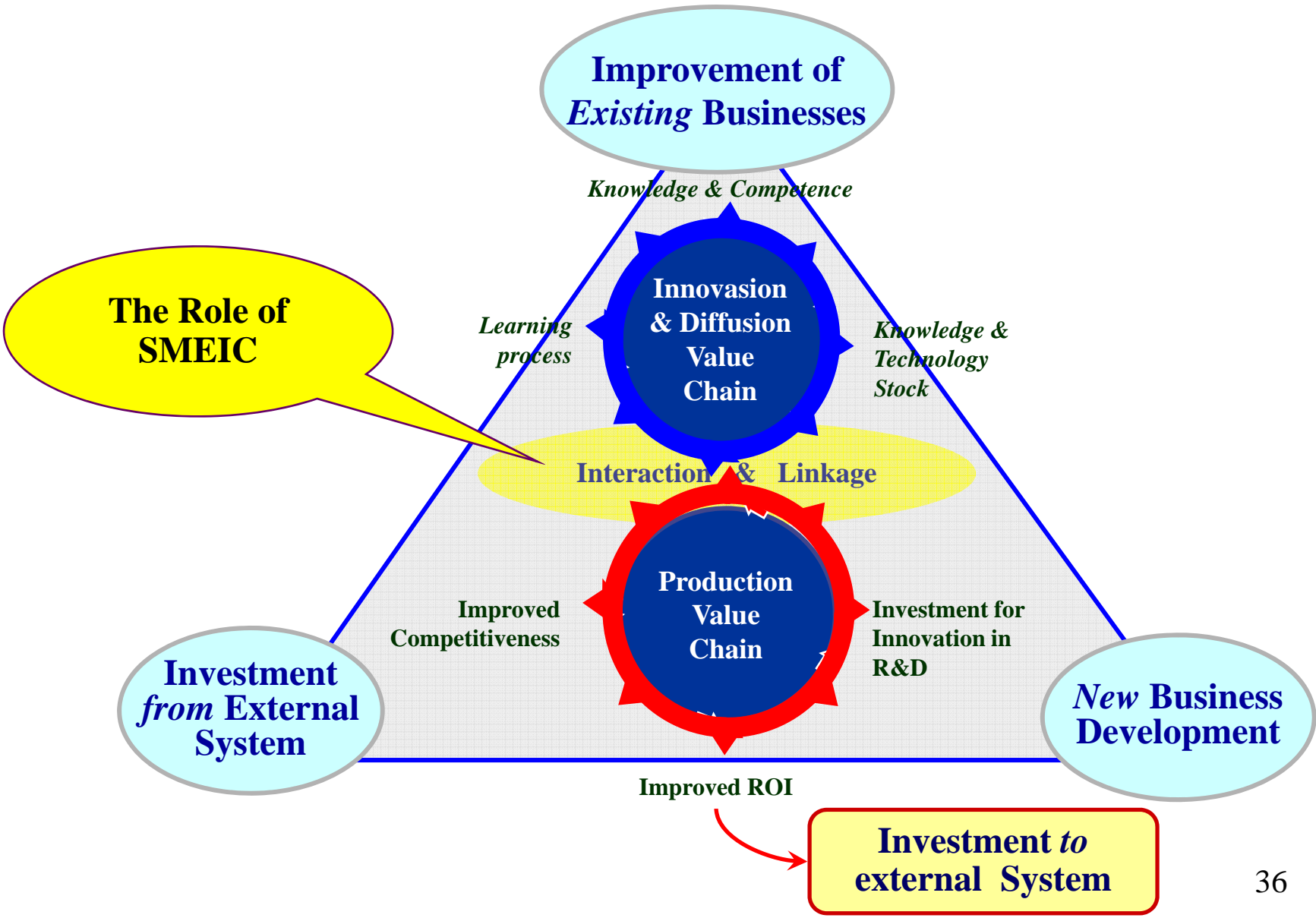
The development of technology based SMEs is in a sense a step-by-step nurturing towards commercialization of technology



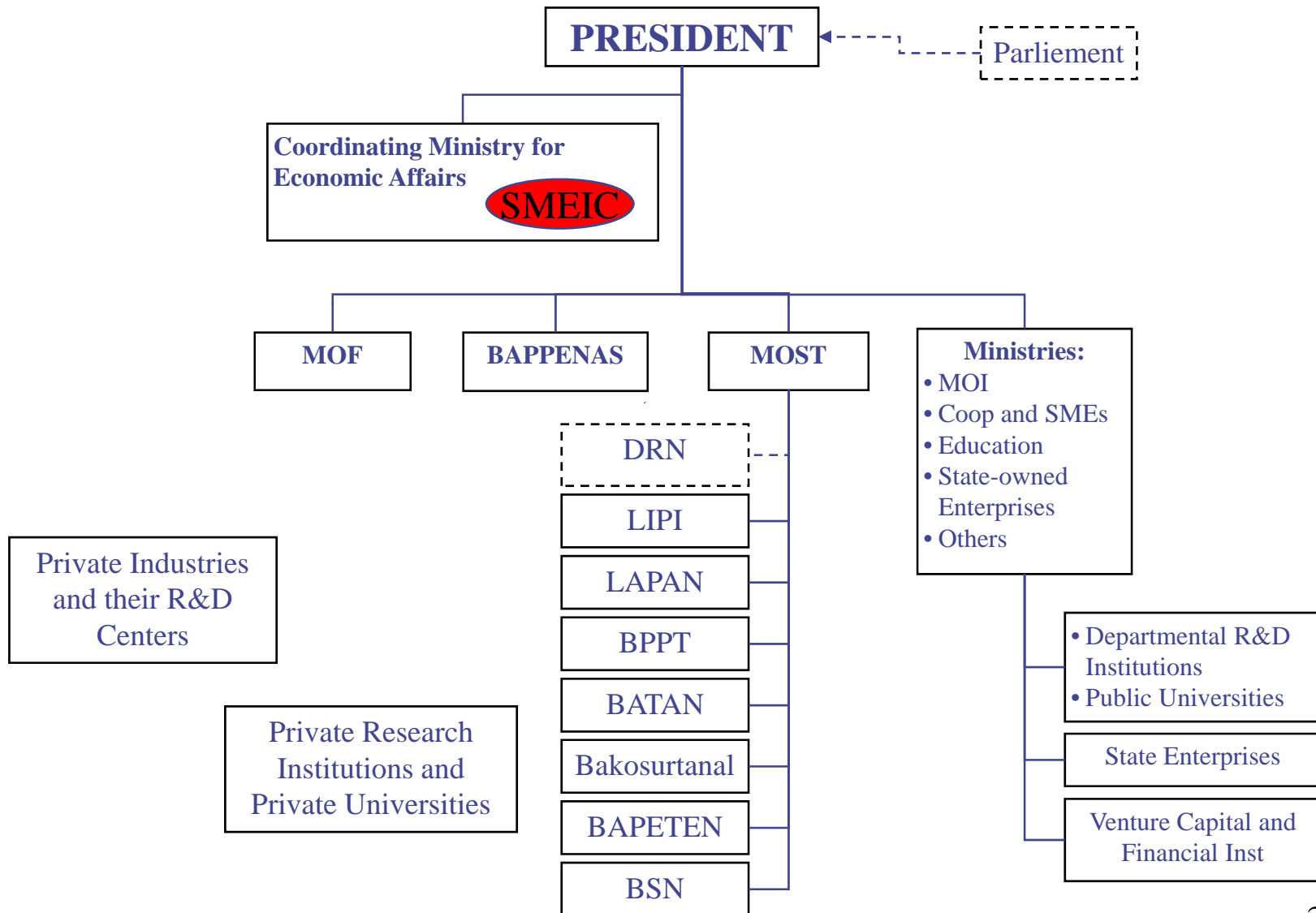
SMEIC - A Concept of National Innovation System



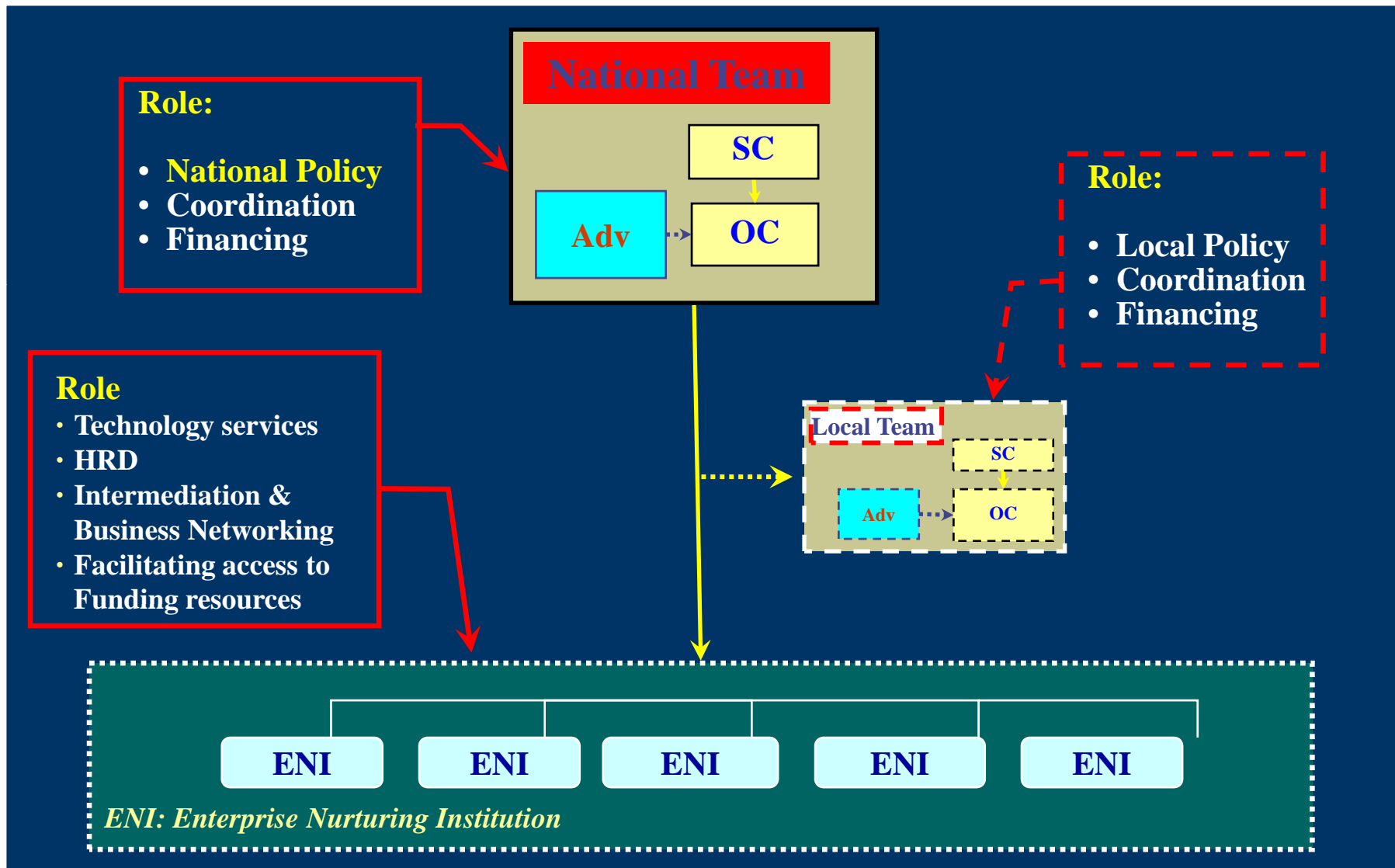
SMEIC - Framework



SMEIC – SMEIC within NIS



SMEIC - Management



SMEIC - Management

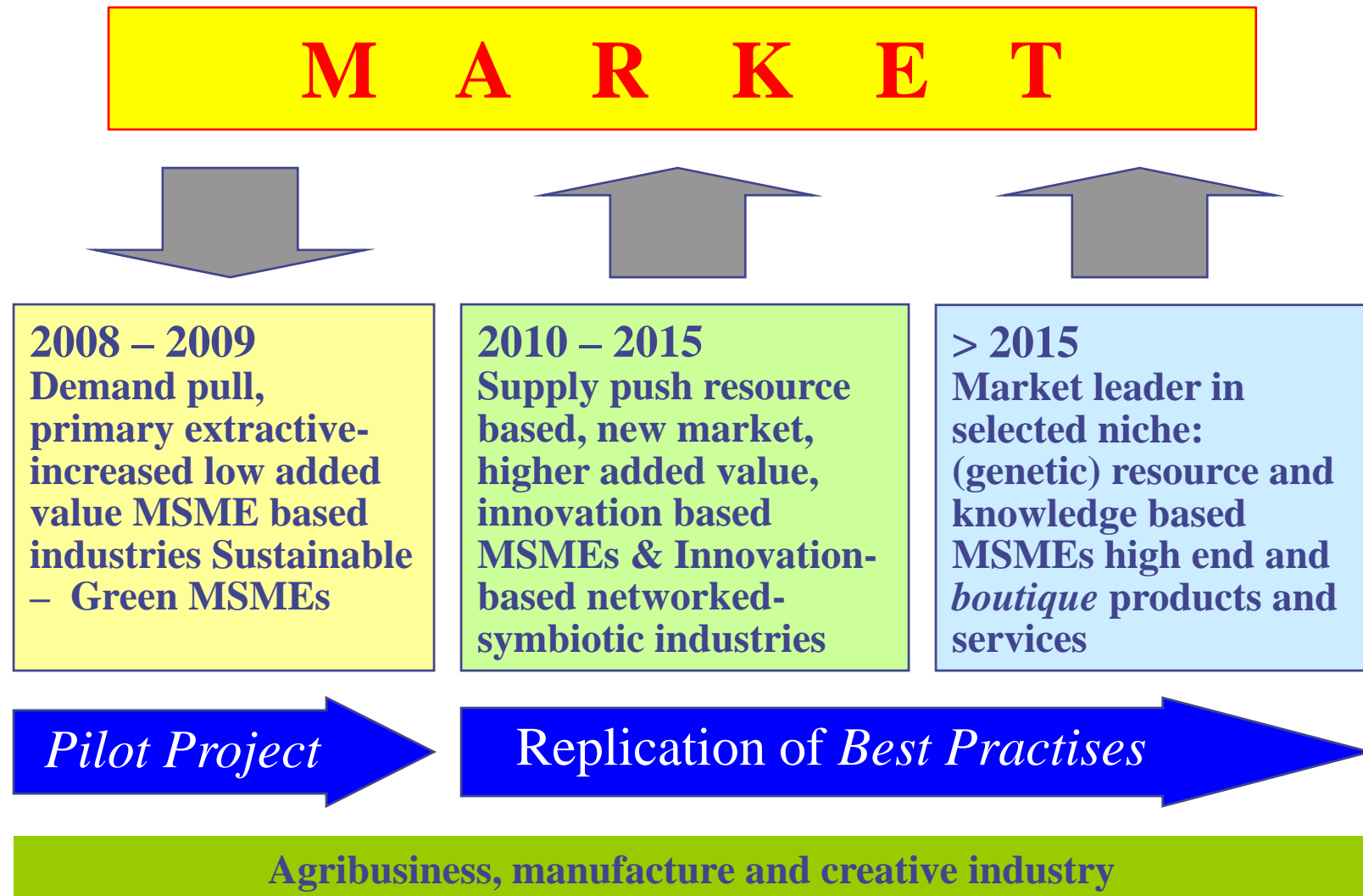
◆ Steering Committee

- Chair: Coordinating Minister of Economy
- Member: State Minister of Cooperatives & SME, Minister of Industry, Minister of Internal Affairs, State Minister of Research & Technology, Minister of Finance, Minister of Planning, Chairman of BPPT, etc

◆ Organizing Committee

- Chair: Deputy Chairman for Technology Policy Assessment, BPPT
- Secretary: Deputy Assistant for Technology Policy Assessment, BPPT
- Member: Higher level Officials of Departments and related institutions

SMEIC - Roadmap



Conclusion

- For NIS to perform, it requires concerted effort of all stakeholders
- Indonesian initiative toward the strengthening of national innovation systems is materialized in the SME Innovation Centre

The
National
Trade
Promotion
Agency in
Malaysia



APEC Training Course , HANOI, 17th – 19th June
2008



Malaysia External

Development Corporation

Agenda

MATRADE Overview

- Mission and Vision

MATRADE's organizational structure and functions

MATRADE's core activities

Exporters Development Programmes

- Exporters Development Division
- Trade Promotion Division

Major Activities

SWOT analysis

Challenges

Way Forward

SMIDEC initiatives for SMEs



MATRADE's Overview

Incorporated in 1993 under the purview of Ministry of International Trade and Industry with primary role to assist Malaysian exporters to develop and expand their export markets. Apart from MATRADE the other government agency that entrusted to develop SME in Malaysia is MARDEC, MPC and SMIDEC.

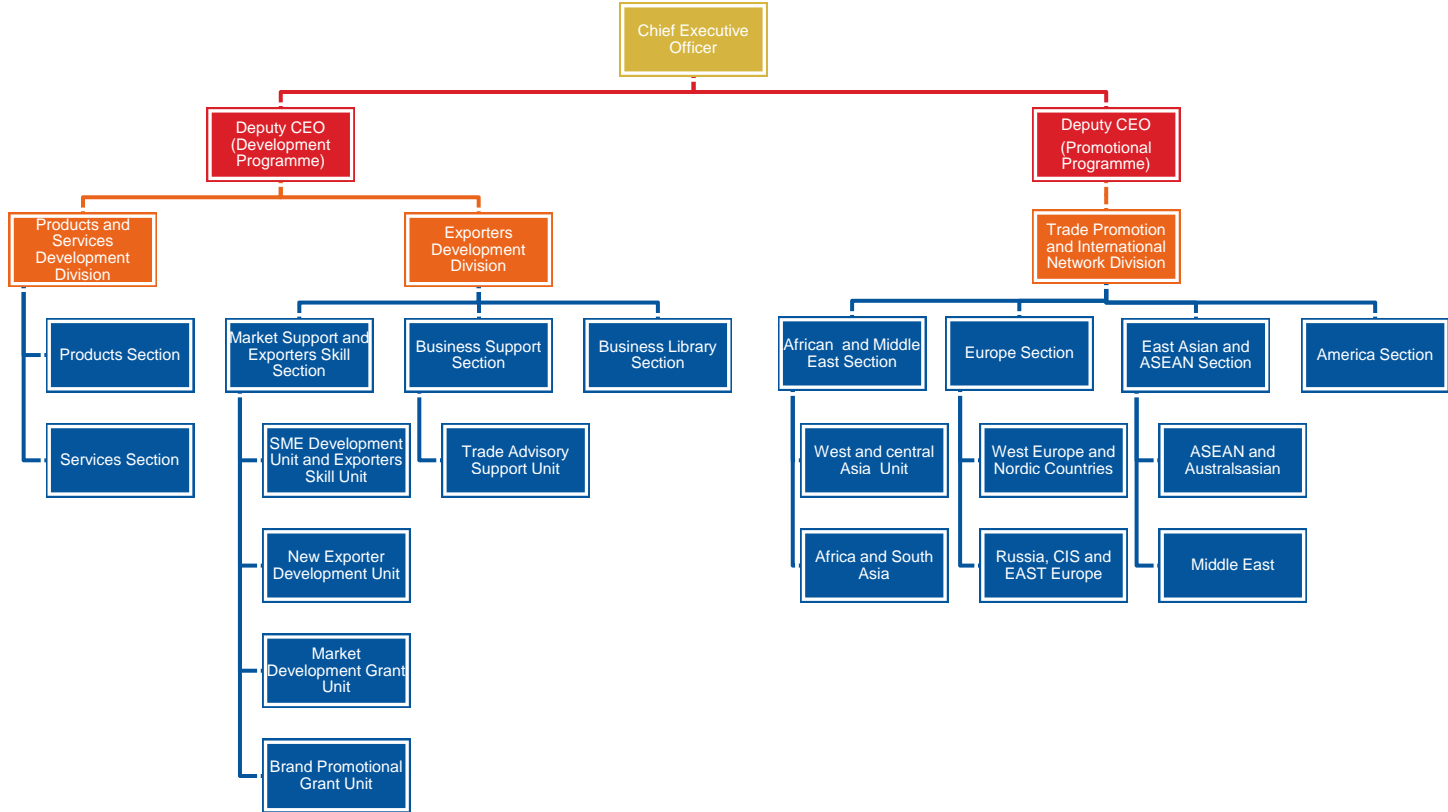
MATRADE 's Vision

“To be a Premier Trade Promotion Agency, recognized for its effectiveness, professionalism and innovativeness”

MATRADE 's Mission

“To enable Malaysian companies achieve their fullest potential in the international market and to improve the image and positioning of Malaysia's products and services in the global market”

MATRADE's organizational structure



Organizational Functions

Products and Services Development Division

- market intelligences
- industry update relevant to exporters products and sectors.

Trade Promotion and International Network Division

- providing ground support at host countries
- Investigate opportunities and
- assisting exporters in establishing links to potential buyers

Exporters Development Division

- provide necessary knowledge and training in International Business
- assisting exporters with grants – MDG, BPG and SEF
- disseminating information on export opportunities

MATRADE's Core Activities

Exporters Development

Workshops

Seminars

Consultations with industry associations & exporters

Trade Support & Facilitation

Trade Advisory Helpdesk

Business Information Counter, KLIA

Grants MDG, BPG & SEF

Trade Information

Business Library

Publications

E-Publications

On-line databases

Market Reports and Alerts

Product Market Studies

On-line News

Trade Promotion

Trade fairs and missions

Information booths

Specialised marketing missions

In-coming buyers missions

In-store promotion

Export exhibition centres

Exporters Development

Exporters Development Division

SME Development and Export Skill Unit

Responsible in providing necessary knowledge and skills relevant to International Business through :

Workshops – INCOTERMS, Country Brief,

Seminars – such as Business and Consultation session (BNC) throughout Malaysia.

Consultation with relevant industry players to know and understand their concerns and way to improve it.

Annual consultation session with Chambers of Commerce, Federation of Malaysia Manufacturers, relevant government agencies etc.

Exporters Development

Exporters Development Division

Trade Support and Facilitation

Trade Advisory Services Unit. (TASU)

Provide trade advisory services to exporters - registration with MATRADE, disseminating information on overseas business opportunities and MATRADE services offering.

Provide information about Malaysian exporters to potential importers either at KLIA or MATRADE HQ helpdesk.

Exporters Development

Exporters Development Division

Grants

Market Development Grant (MDG)

An export development grant for company to venture into new potential export markets either through MATRADE's organised events or other internationally recognised trade events and export promotional activities.

- Payment through reimbursement basis up to 50% of claimable expenses.
- Covered participation fees, accommodation and air fares for one person.
- Only for SMEs.

Brand Promotion Grant (BPG)

A brand promotion grant for developing and promoting Malaysian brand internationally.

- Payment through reimburse basis up to RM 2million (USD\$625,000)
- For SMEs and Non SMEs

Services Export Fund (SEF)

An assistance programme for participation in international tenders.

- Reimbursement basis up to 50% from tender fees value and other related expenses if company fail to secure the projects. For SMEs and Non SMEs.

Exporters Development

Exporters Development Division

Trade Information

Business Library

One stop centre for market research and information related to international business. Disseminating information on Market alerts, Market reports & Product market studies.

Publications

- Directories (by sectors)
- Handbooks/Guidebooks
- Trade Publications

Export Promotional Activities

Trade Promotion

**Trade Promotion and International Network Division
&
Products and Services Development Division**

Responsible in organising promotional activities either locally or internationally :
Internationally : Trade exhibitions, Trade & investment missions, Specialised Selling Missions, in-store promotions and promotion booths

Locally : Promotion booths, Trade exhibitions and incoming buyers missions

Major Activities for year 2008

	<u>Total</u>	
1. Trade Fairs	66	
2. Trade and Investment Missions		9
3. Specialised Marketing Missions	14	
4. Promotion Booths	68	
5. Incoming Buyers Missions	3	
6. In-Store Promotions	1	

SWOT Analysis on MATRADE

Strengths

- 37 offices worldwide
- Focus on export promotion activities
- Dedicated staff
- Strong support from government

Weaknesses

- Less emphasis on exporters development strategies
- No formal co-ordination with other government agencies

Threats

- Globalisation and FTA
- Development Vs Promotion strategies
- Diminishing roles as other government agencies also actively involved in export

Opportunities

- Shift of focus from promotion to development.
- Further collaboration with SMIDEC

MATRADE's Challenges

Globalisation and FTAs in International Business

- Need to have a more proactive approach.

Emergence of New regional economies such as Vietnam, Cambodia and China

- Need to find niche area which can be capitalise for exporters benefit

Promotion Vs Development strategies

- Focus more on capacity building through development activities

Segmentation of exporters.

- Need to segment exporters according to their export readiness

MATRADE's Way Forward

Shifting of strategy from promotion orientated to development

Need to recognise development process as a key element in ensuring exporters success.

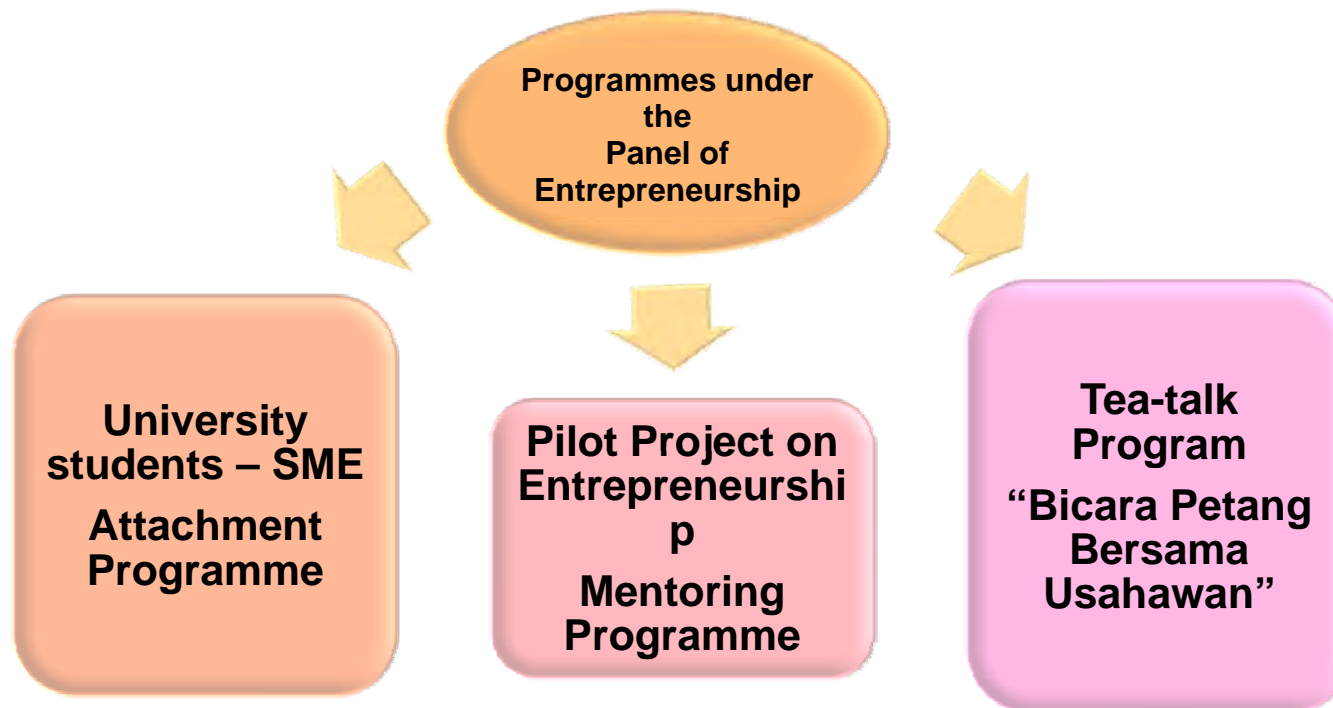
Segmentation of exporters according to their readiness and to recognise each segment unique needs.

Establishment of common database and reporting system through out MATRADE

Establishment of one division to co-ordination activities with other government agencies.

SMIDEC's initiatives for SMEs

Entrepreneurship programmes



SMIDEC's initiatives for SMEs

Entrepreneurship programmes

UNIVERSITY - SME ATTACHMENT PROGRAMME

- **Benefits to SMEs:**

- exposure to the latest development of business practices and applications of technology; and
- improved ways of doing business.

University
Education



Local SMEs

Students

- **Benefits to students:**

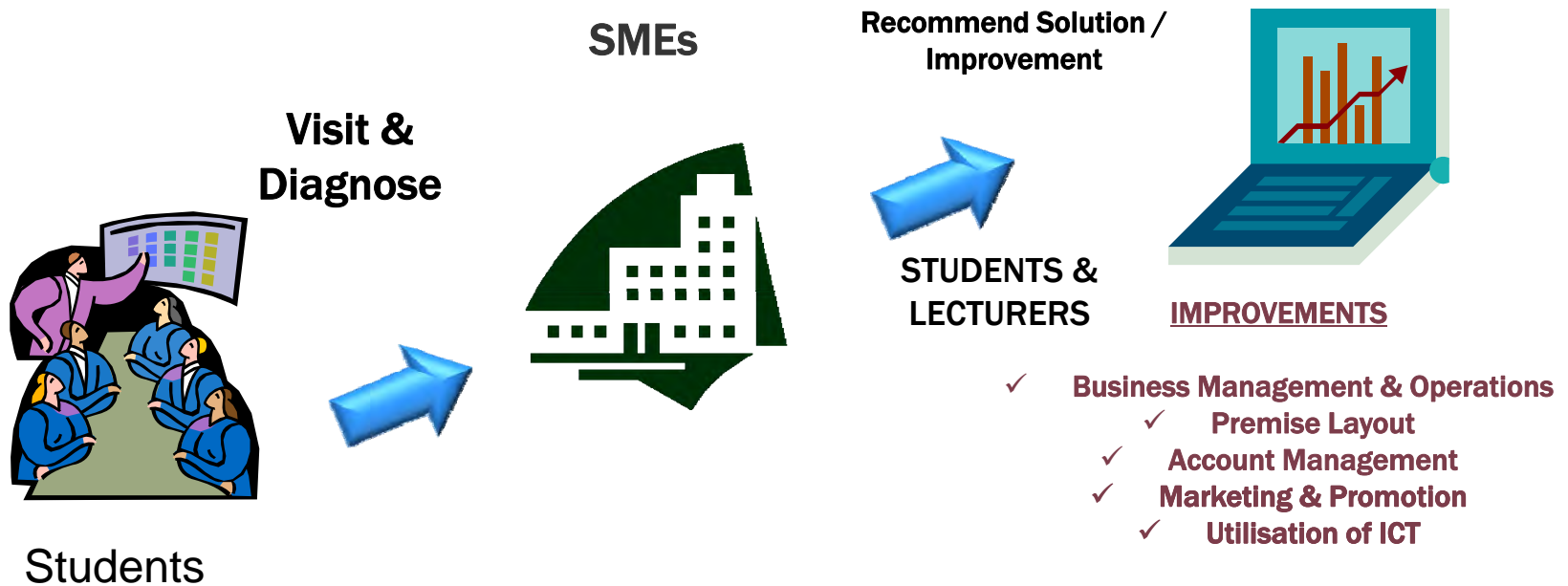
- industry exposure and practical applications of their studies as well as enhance self confidence in doing business; and
- inculcate the spirit of entrepreneurship.

Linking SMEs to Universities to upgrade the
capability of SMEs

SMIDEC's initiatives for SMEs

Entrepreneurship programmes

UNIVERSITY – SME INTERNSHIP PROGRAMME



SMIDEC's initiatives for SMEs

Entrepreneurship programmes

UNIVERSITY – SME INTERNSHIP PROGRAMME (*Modus Operandi*)

- Final year students attached at selected SMEs' premises for a period of **three (3) months**.
- Based on **collaborative consultancy approach** – participating students will consult their lecturers on the findings and problems encountered by SMEs.
- Students with guidance from lecturers will provide suggestions or recommendations to SMEs. Students may then assist wherever possible, to improve the current condition of the premises / SMEs.
- Students were nurtured with the knowledge related to entrepreneurship through series of lectures from successful entrepreneurs including **SME Expert Advisory Panel (SEAP) and SMIDEC's SME Counsellors**.
- At the end of the Programme, students were required to make a **presentation** on the improvement that SMEs have achieved.

SMIDEC's initiatives for SMEs

Entrepreneurship programmes

UNIVERSITY – SME INTERNSHIP PROGRAMME (*Modus Operandi*)

Cont.....

- Students with strong entrepreneurial desire will be considered to join **Program Inkubator Usahawan Siswazah (PIUS)** and those with viable business plan will then be fast tracked towards getting various financial facilities such as the **SME Start-up Fund under the SME Bank**.
- SMEs intending to implement the recommendations, if eligible will be supported with various **SMIDEC financial assistance schemes**.

SMIDEC's initiatives for SMEs

Entrepreneurship programmes

Pilot Project on Entrepreneurship Mentoring Programme

- **Chairman - Dato' Mohd. Nadzmi Mohd. Salleh**
- **Objective - to hand-hold ten (10) selected companies (2 years).**
- **Graduated companies - mentors other SMEs**
- **10 potential SMEs - short listed**
- **SCORE conducted on these companies**



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A whole Movement for the Competitiveness of the
SME s in Mexico

Enhancing Entrepreneurship Skills for SME's in Mexico

Mexican Ministry of Economy
Vietnam, June 17-19



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A whole Movement for the Competitiveness of the
SME s in Mexico

The Context of SME's policies in Mexico



“SMEs and MEs Policies in Mexico”

The contribution of the SMEs to the economic activity in Mexico is very important, since they constitute a fundamental pillar for the creation of jobs, economic growth and local and regional development.

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In order to maximize the impact of the SME policies, the *SME Fund*, operated by the Under Ministry for Small and Medium Enterprises, had been implemented 5 strategic programs grouped around 5 specific services.

These programs aimed at making the vast SME sector more efficient, competitive and position SMEs in the local and global markets and are the core of the “integral economic policy for the development of SMEs”, a key component of the Mexican government strategy towards an innovation-based growth model which implies, to a large extent, increasing SMEs’ productivity through technology and innovation.

Under this new innovation-oriented policies, the authorities have rightly placed strong emphasis upon building a coherent institutional infrastructure (collective efficiencies), with a view to stimulating the creation of new firms and strengthening existing ones. Partly inspired by international best practices, a coherent sequence of four institutional

Objective

¿what
?

More and better
Jobs

More and better
SMEs

More and better
entrepreneurs

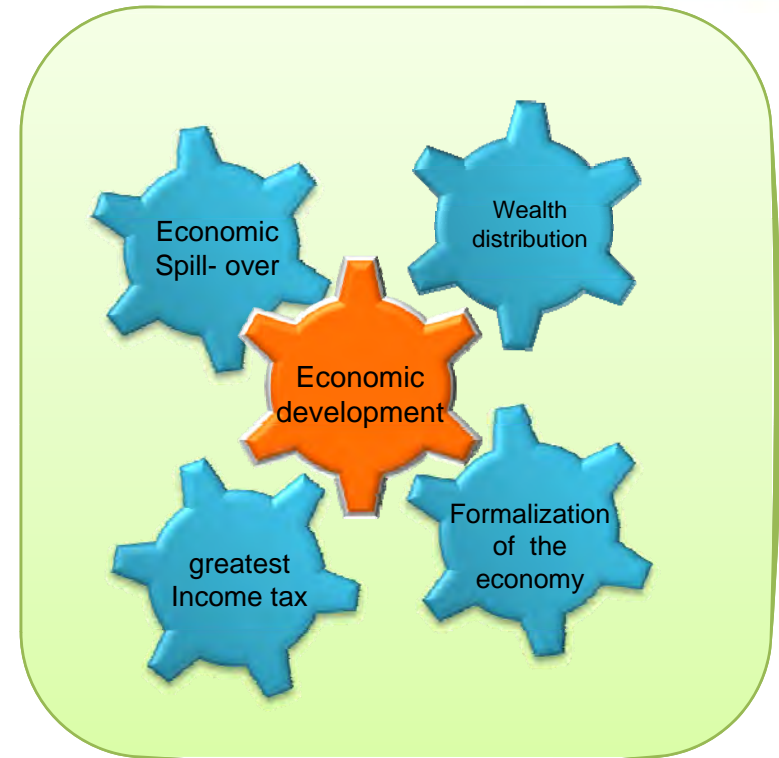
And As a
Consequence:

A New Approach
“What you measure,
what you obtain”

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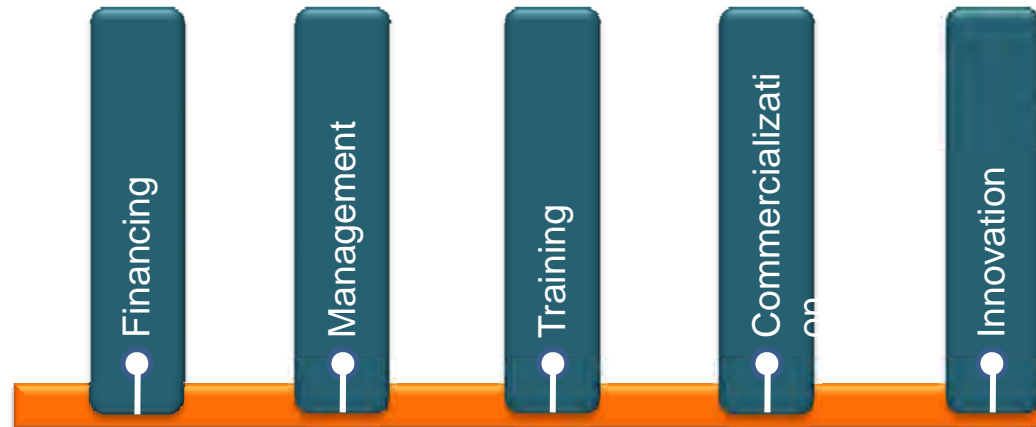
Reduce poverty



¿How to obtain it?: 5 Segments with 5 Services of Overall Attention



SERVICES



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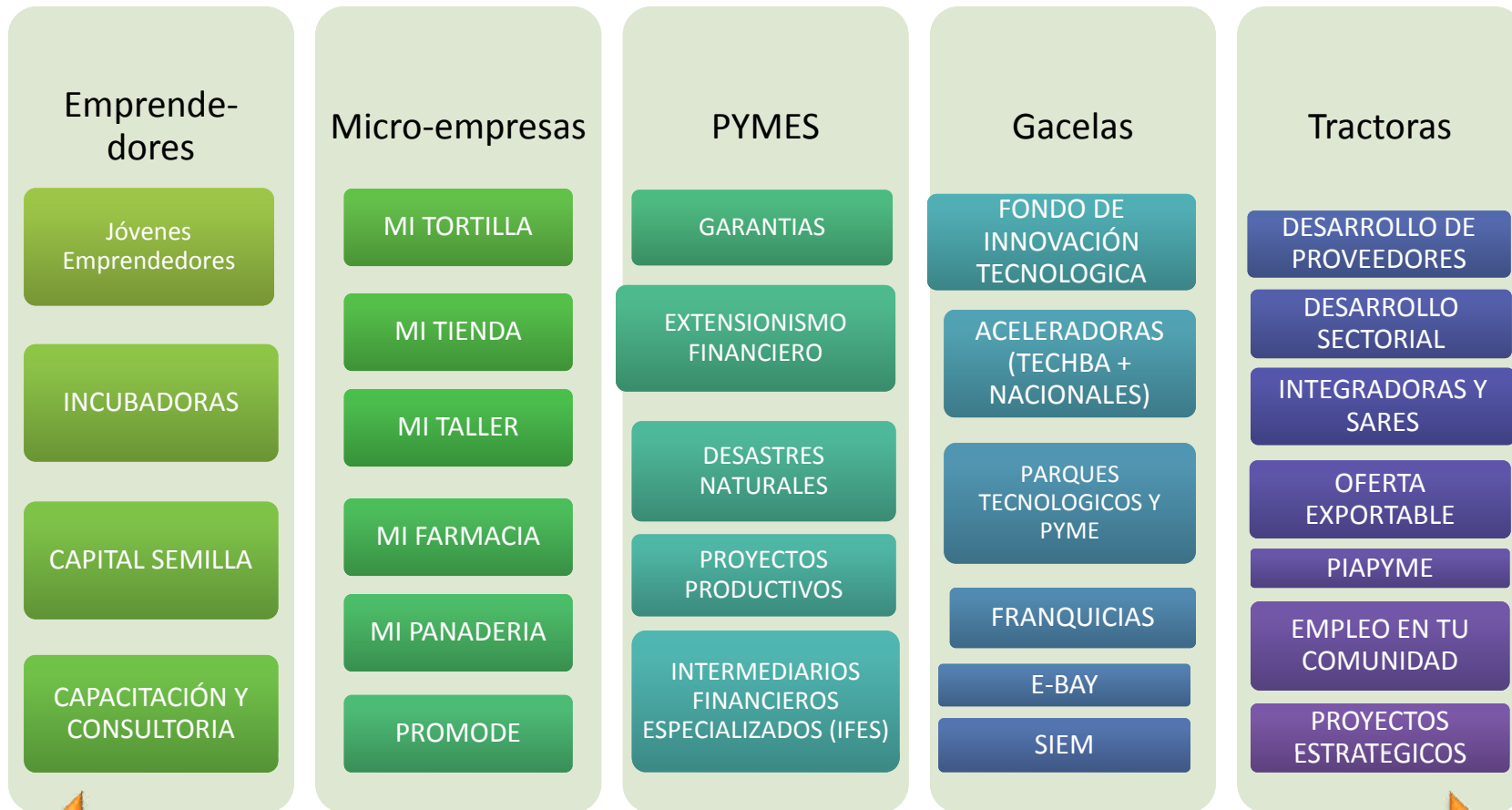


SEGMENTS



	Financing	Management	Training	Commercializati	Innovation
"Tractors"	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
"Gazelles"	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Small and Mediums	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Micro Enterprises	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Entrepreneurs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

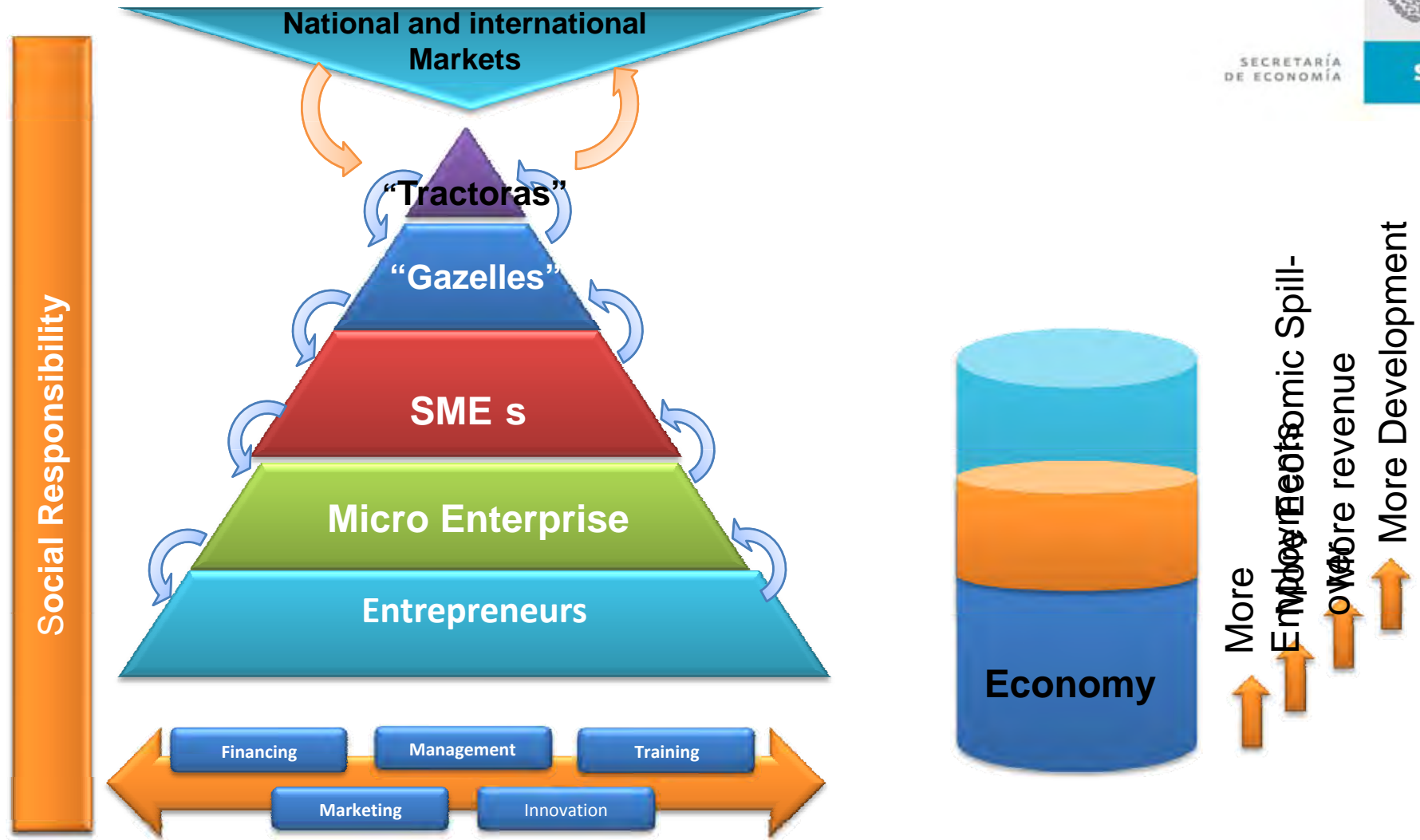
Programas



← VENTANILLAS MÉXICO EMPRENDE →

SEGUIMIENTO

How to do it?



MEXICO TAKING ON VENTURES A WHOLE MOVEMENT FOR THE COMPETITIVENESS OF THE SME'S IN MEXICO



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PYME^{MR}
SECRETARÍA DE ECONOMÍA

A whole Movement for the Competitiveness of the
SME s in Mexico

Entrepreneurs' National Program

Strategy 2008

Entrepreneurs' National Program

Objective

The **Entrepreneurs' National Program** has the objective to promote and enhance in the Mexicans' mind the culture and business development that results in the creation of **more and better** enterprises through the **National**



"Source of Enterprises"

- Entrepreneurs' National Campaign.
- To promote the Entrepreneur Program in all the institutions of middle and higher education.

Entrepreneurs



"Factory of Businesses"

- Creation of aggregate value and longevity businesses.
- Creation and consolidation of Businesses Incubators.

Incubators



"Becoming Mexico in an entrepreneurs land"

Heriberto Félix Guerra

Entrepreneurs' Program

Promote and enhance entrepreneurship and entrepreneurial activity.

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Entrepreneurs' National Campaign

Regional Routes

Advertising Campaign

Entrepreneurs' Events

"Mexico Emprende"

"Entrepreneurial Card"

"Entrepreneurs' Caravan"



Young Entrepreneurs

Entrepreneurs' Methodologies

Printing Promotional Materials

Training Program for Entrepreneur Leaders



Entrepreneur s Program

Goals 2008 - 2012

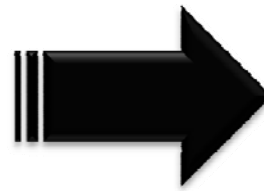
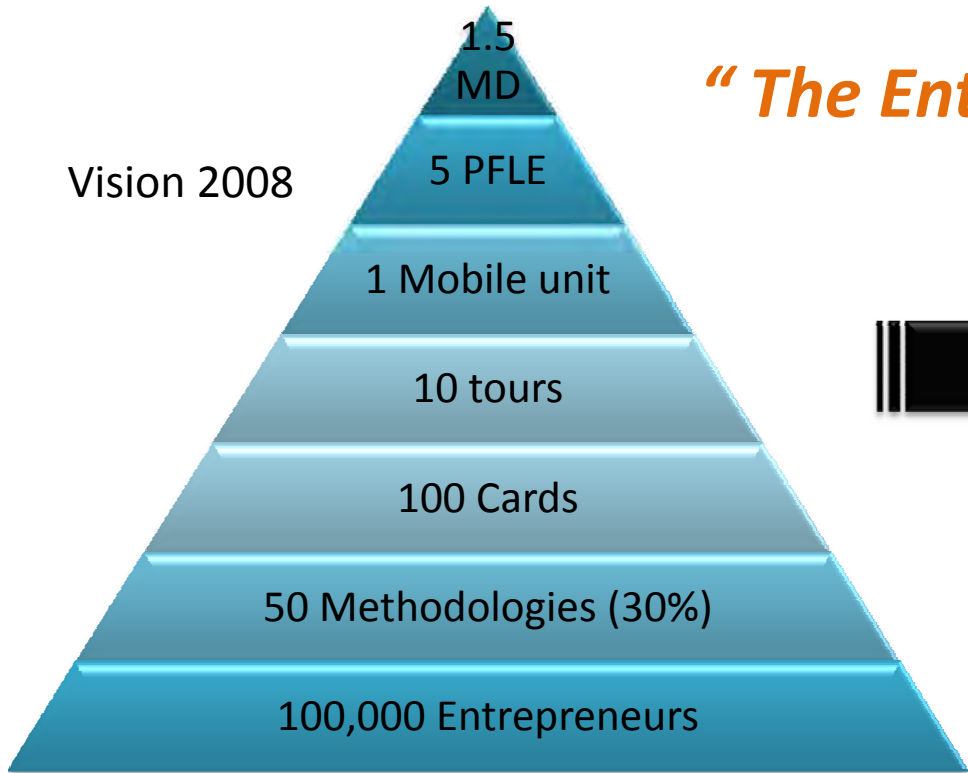


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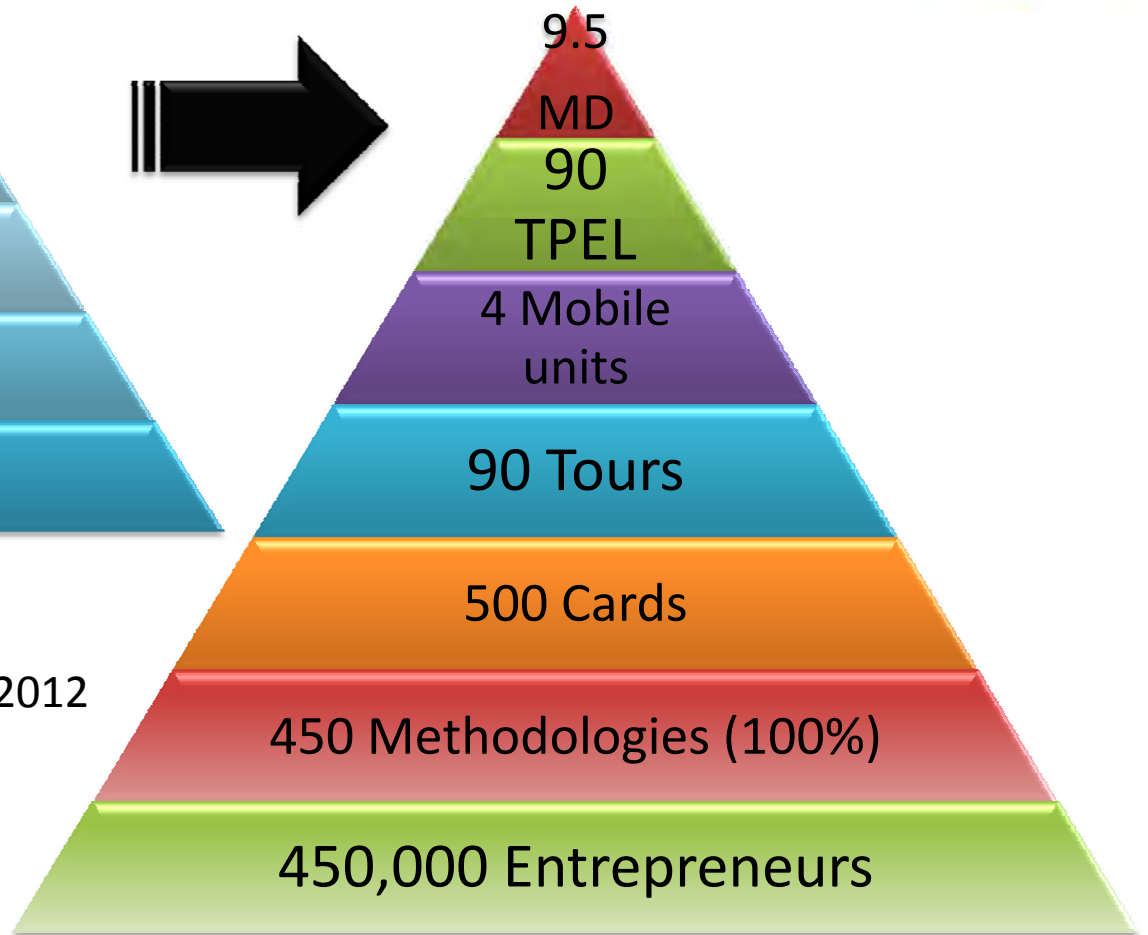
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“The Enterprises' Creation”

Vision 2008



Vision 2012



ENTREPRENEURS



The National Incubators' Network is a tool to foster economic growth, to contribute in the creation of **more and better entrepreneurs, more and better enterprises, more and better employments.**

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✓The objective is to create and enhance the incubators' network at national level ensuring the best incubator practices and programs and the appropriate customers services.

✓To assist in the creation of innovative enterprises with more added value and longevity.

500 incubators with the best incubator practices

Operate the BEST Incubator Policy.



Classifying the Business Incubators

According with the different kind of the created enterprises, the business incubators are classified by:

Traditional Business Incubators

To support the creation of businesses in traditional sectors with basic requirements of operation. In this classification, incubators are oriented in rural sector and alternative tourism.



Intermediate Technology Business Incubators

To support the creation of enterprises with technological and physical infrastructure requirements, as well as operation mechanisms and semi-specialized processes.



High Technology Business Incubators

To support the creation of businesses in specialized sectors such as Information and Communication Technologies (ICT's), microelectronic MEM' S systems, biotechnology and pharmaceutical, and others.





Business Incubators

Strategies – key points for Mexico in the Business Incubator Program



Creation and Consolidation of 500 incubators with the best incubation services

- Creation of specialized incubators, development of providers.
- Consolidation of weak incubators, helping them to reach international standards.
- Implementing a regional strategy to supervise incubators and report information in real time. (Independent work for each kind of incubators)



A call for Enterprises for the Incubation Process

- Through a national call at least 30 % of the projects will be selected to receive the incubation process in 2008.
- **National Prize for Entrepreneurs**
- Through the “Entrepreneur Card” the citizen will receive direct benefits.



National Incubators Trust

- Creation of a national trust to strengthen incubators and resource management, working as a leadership body for incubators.
- Creation of 8 regional trusts with the same functions at the national and regional levels.
- The trust will be integrated by members of the community with a great degree of acceptance amongst the stakeholders.



Creation of New Incubators

- Through the presentation of feasibility studies according to the particular attributes of the region.
- A Special Committee integrated by a representative of the ministry of economy, the local government, specialists, etc.
- The feasibility study will be evaluated considering the country necessities, the qualities of the project, its added value and its strengths.



Strengthening Institutional Relations

- Visits to all incubators starting with the top 50 around the country, with the purpose of strengthening relations and commitments with the authorities.
- The General Director will take part in the tour around the incubators and there will be a register of each visit.

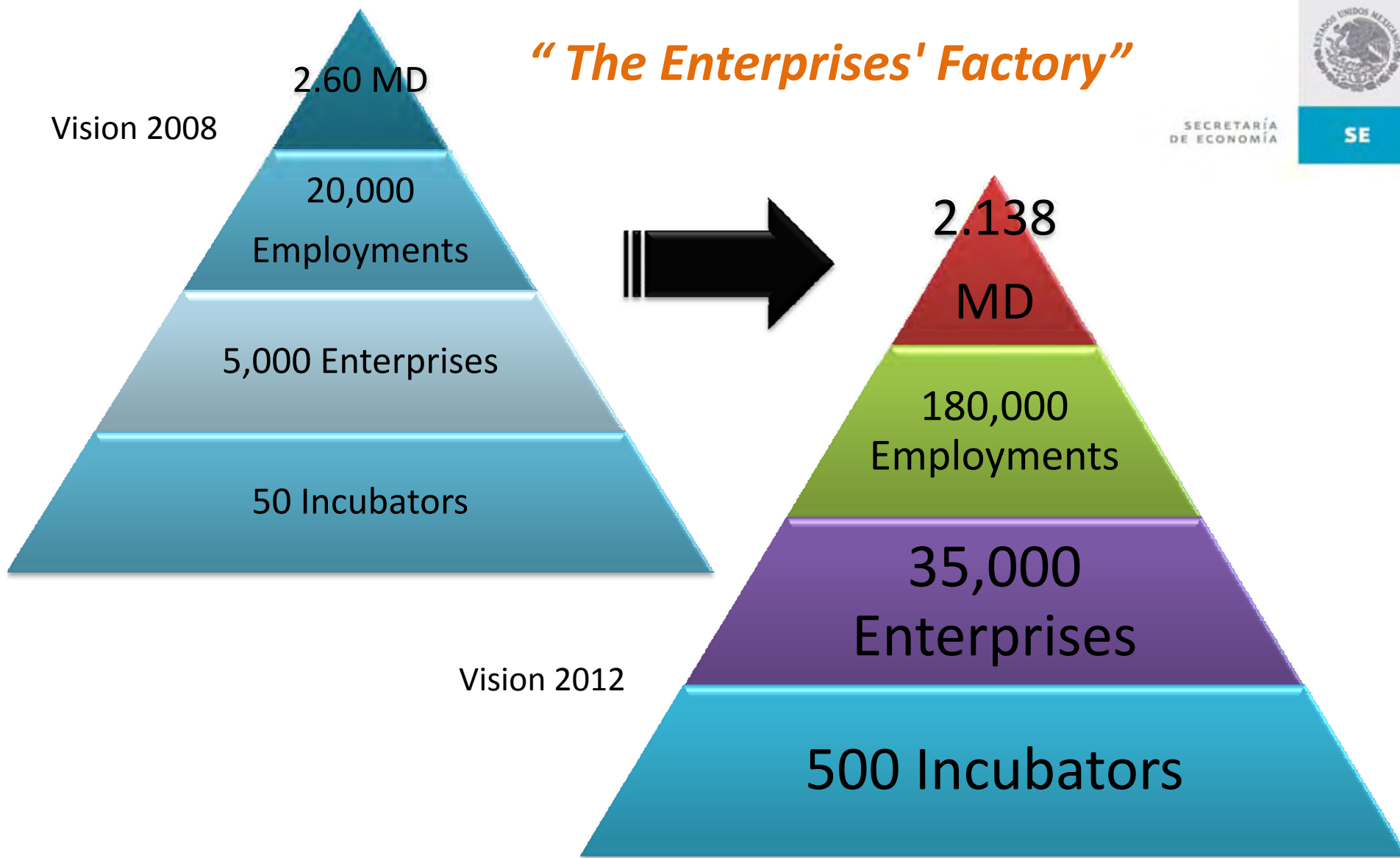


Strengthening and Standardizing Incubators

- Since this year, incubators receive financial support only if they are complying with the standards for the creation of enterprises.
- Special support has been established to those incubators complying with the standards.
- The process to design a certification norm for incubators.
- By the end of 2008, the process of certifying the consultancy team of the incubators will start.



“The Enterprises' Factory”



INCUBATORS



Transference



Equipment



Infraestructure



Consultancy for
the creation of
enterprises



Consultancy for
strengthening
and
consolidating
and certification
of incubators.



Consultancy for
assessing and
follow-up of
the enterprises
and incubators.

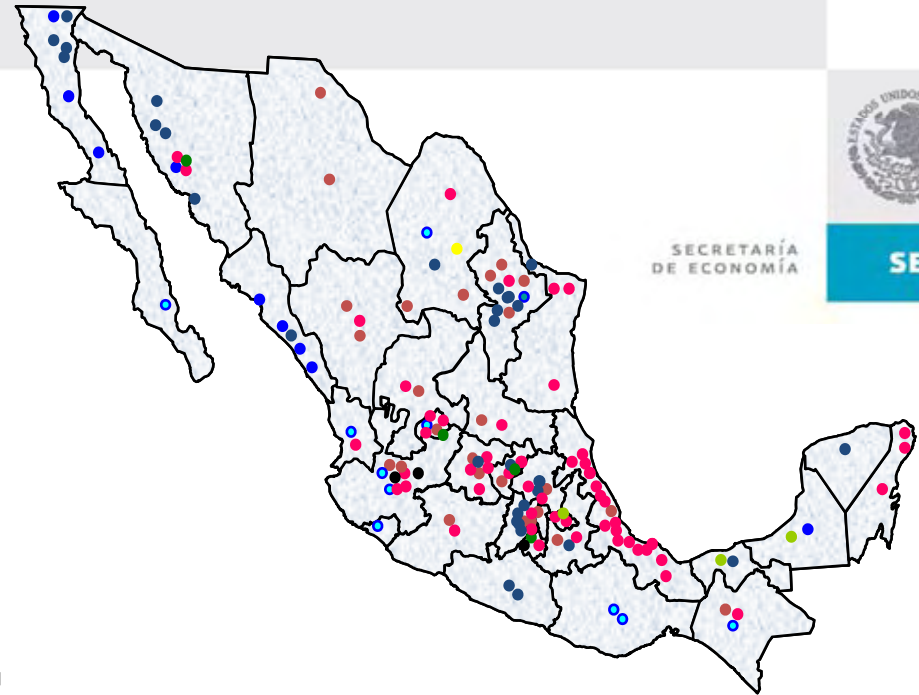
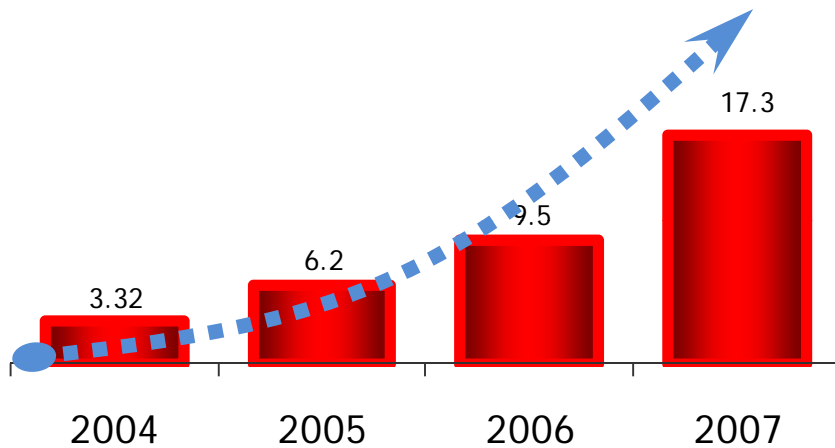




Entrepreneurs 'National Program

Program Results

SME Fund Resources for Business Incubators
about **\$36 MD**



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Number of Business Incubators

Year	Traditional	Intermediate	High	TOTAL
2004	26	65	7	98
2005	61	124	10	195
2006	148	144	14	306
2007	188	194	18	400
2008	213	214	23	450



Entrepreneurs 'National Program

Program Results

Through the SME Fund, resources have been given for the creation and strengthening of business incubators

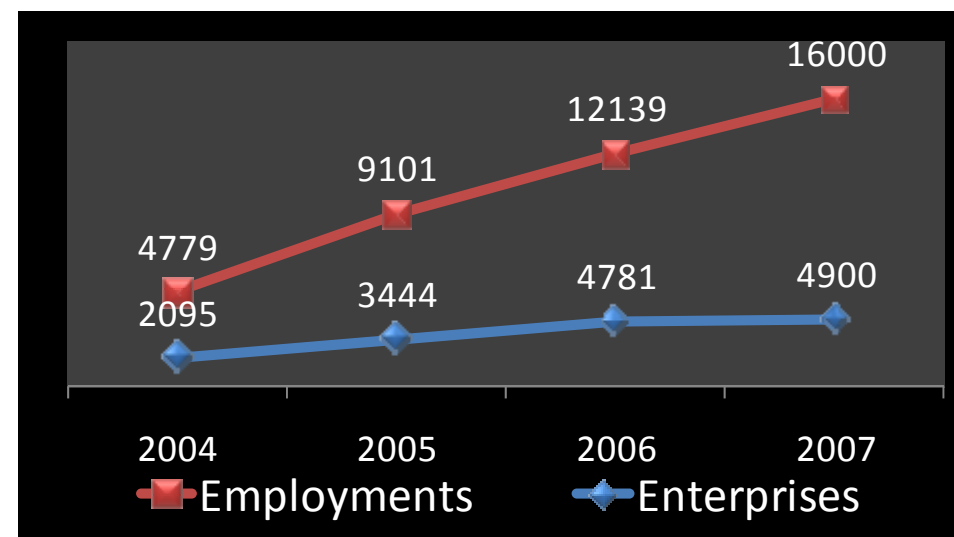


Created Enterprises and Employments

Year	2004	2005	2006	2007	Total
Enterprises	2095	3444	4781	4900	15220
Employments	4779	9101	12139	16000	42029



Created Employments and Enterprises



Business Incubators in Mexico



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Business Incubators in Mexico



SECRETARÍA DE ECONOMÍA



SE



Thanks

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DE ECONOMÍA



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Small Business Development Corporation



Overview of SBDC





Introduction

- The Small Business Development Corporation became operational in 1992 and is mandated, through the SBDC Act, 1990 to assist Papua New Guineans start and improve small-scale businesses for employment creation and to improve the standard of living in the country.



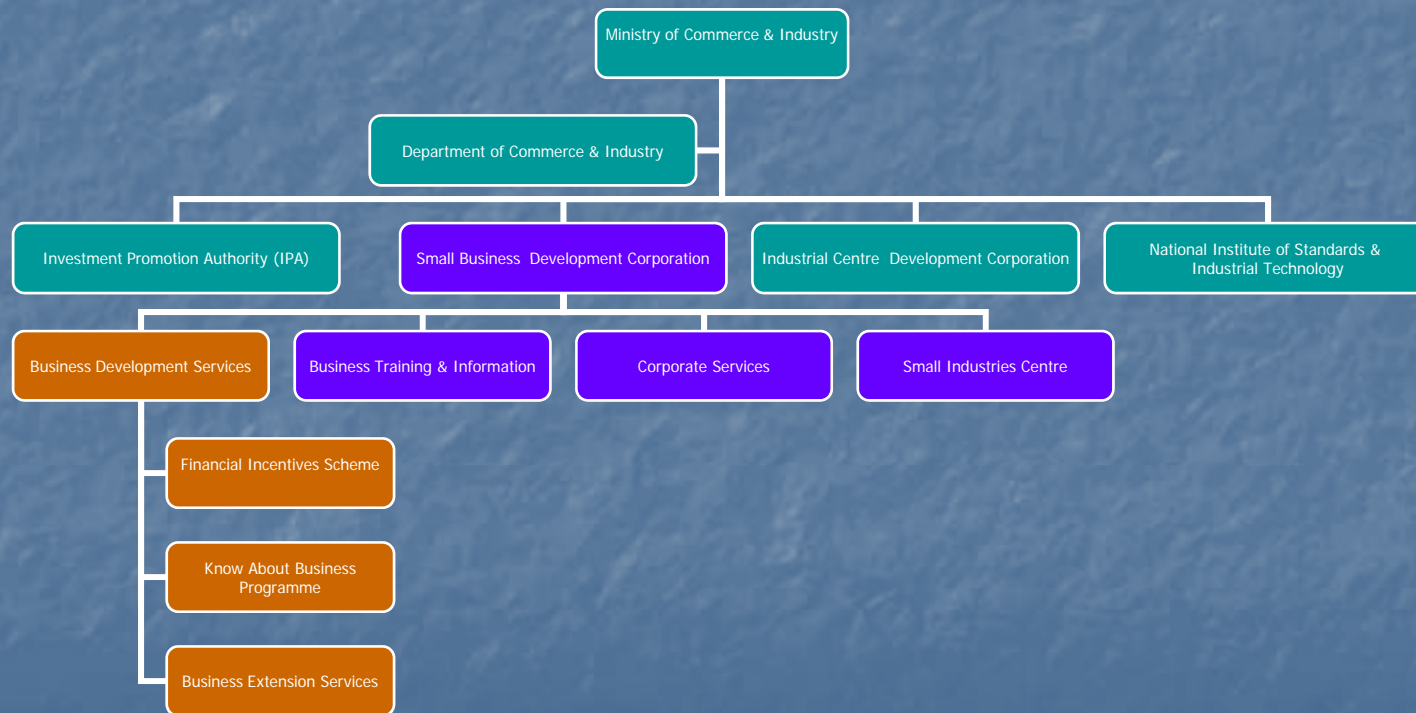


SBDC Mission Statement

- Small Business Development Corporation will evolve into a major catalytic force for improving small-scale business sectors employment generating capacity for meeting the present and future job creation needs of the country and to improve the standard of living.



Operational & Reporting Structure





SBDC Functions

- Create an environment to facilitate maximum small enterprise development in the country
- Formulate and recommend to the Minister, policies on the promotion of small business incentive schemes and financial support;
- Act as a sounding board for the Government, DCI and other line agencies for SME development to year 2020





SBDC Functions (cont'd)

- Create a national cost effective and efficient mechanism for the delivery of the required entrepreneurial development assistance
- Improve the success rate and increase the number of Papua New Guineans owned and operated small business through the facilitation of extension services
- Collaborate with the Ministry of Commerce & Industry and other government departments and agencies to facilitate SME action agenda of the APEC process





Organisational Structure

3 main divisions comprising a small unit of specialized staff (23) that provides support to the network of SED organizations in the country through:-

- Business Development Services Division
- Business Training & Information Services Division
- Small Industries Centre Division
- Corporate Services Division





Business Development Services Division



- Establish and maintain liaison between associates or groups of people representing small business and government.
- Establish and maintain a small business information centre
- Provide advice to SE on available finance and provide venture capital to SE; and
- Conduct research, publish and distribute information relevant to SE development;



Know About Business Programme

KAB Objective

- To contribute towards the creation of an enterprise culture in society by promoting awareness among young people of the opportunities and challenges of entrepreneurship and self-employment, and of their role in shaping their future and that of their country's economy and social development.





KAB Cont..

KAB Target Group and Beneficiaries



For teachers & instructors in public & private vocational, technical training institutions, general secondary education, higher technical education and professionals involve in enterprise promotion.



For students in the age group of 15 years and above



KAB Cont...

HIGHLIGHTS

- Globally recognized ILO entrepreneurial development training programme introduced by SBDC in 2005
- Launched by Minister for Education in 2006.
- KAB TVET Curriculum developed in 2006.
- Signing of MOU with Department of Education in April 2007.
- Total of 17 Vocational School country wide participating to date.
- Discussions in WIP with University of Goroka for KAB Teacher Training.





APEC LOCAL CULTURAL INDUSTRIES VIRTUAL EXPOSITION (ALCIVE)

- SBDC is spearheading PNG's participation at an international online exposition in Chinese Taipei (Taiwan) which was launched in August, 2006 –July 2007.
- Featuring all 21 APEC member economies with potential visitors to the exposition being consumers throughout the world





APEC ALCIVE ..Cont...

- The exposition will provide transaction opportunities for all participating products
- The objective of the initiative are:-
Enhancing the capacity of SME's and micro-enterprises in the local cultural industries in order that their markets can be expanded.





APEC ALCIVE

- Building a platform for local cultural industries in demonstration of their products to all APEC economies to boast business opportunities in the international markets.
- Strengthening cross –border cooperation in the APEC region in promotion of the development of overseas markets for the local cultural industry and seeking the best practices of market development





Financial Incentive Scheme

HIGHLIGHTS

- Launched in November 2005.
- Aim to provide guarantee to small business start-up unable to meet normal banking requirements.
- Total applications received to date 551.
- Total application value to date K24.4 million.
- Total FIS seed fund with RDB K1.0 million.
- Total loans approved by RDB 23.
- Total value of approved loans paid to date K780,000.





Financial Incentives Scheme – Cont..

- Total FIS seed fund with ANZ Bank K800,000.
- Total loans approved by ANZ Bank 8.
- Total value of approved loans paid to date by ANZ Bank K354,000.





A GUIDE TO CREDIT GUARANTEE APPLICATIONS



- COMPANY PROFILE
- BUSINESS PLAN
- FUNDS SOUGHT AND EQUITY
- ADDITIONAL COLLATERAL
- CASH FLOW PROJECTIONS
- OTHER INFORMATION





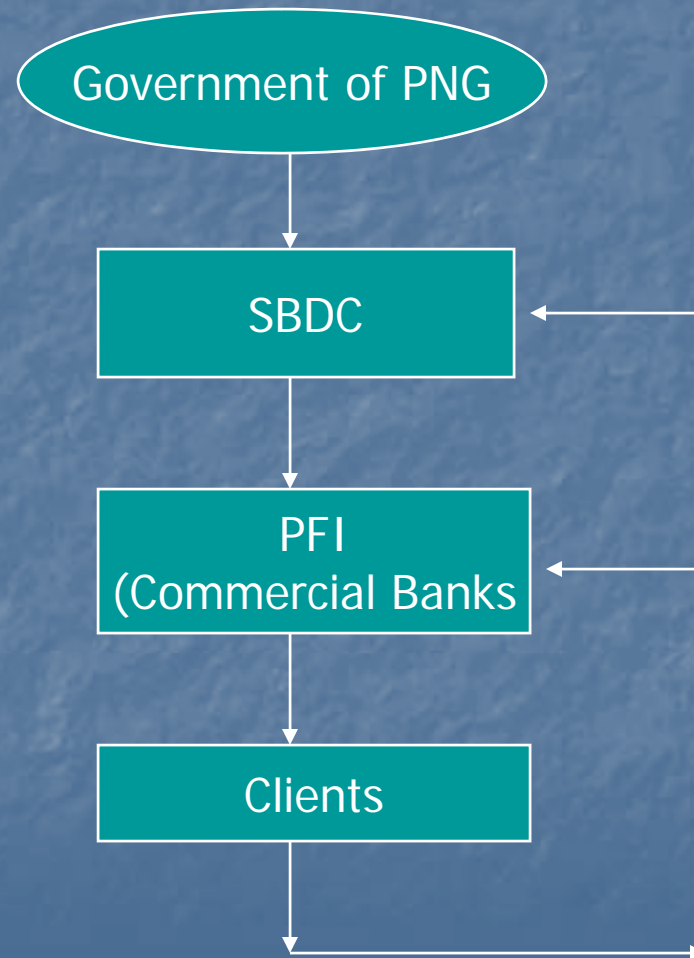
ELIGIBILITY REQUIREMENTS

- Small and owned individually or in family units.
- Applicants must possess or demonstrate some basic business management skills
- Must be engaged in some small informal business activity or require finance to start up of a new business activity
- Business must be 100% nationally owned.
- Projects be engaged in manufacturing, processing, agribusiness and professional services.





SCHEMATIC FLOW CHART OF SBDC GUARANTEE SCHEME





Start & Improve Your Business Division



- SIYB Division is responsible for research, development and facilitation of the SME needed entrepreneurship and business training support services for delivery by the network of SED Organizations.





Start & Improve Your Business Programme Office Division



- Provide either by itself or in conjunction with appropriate government or private sector organizations, an advisory, management and administrative service, for the development and expansion of small businesses;
- Arrange and co-ordinate training programs and skills development programs for SE;
- Achieve a practical level of integration & coordination with other SED programmes and agencies.





Division of Small Industries Centre

- Coordinate and provide technical skills, advise and training in production of leather products, rattan, metal fabrication and Light Engineering products to SMEs.
- In partnership with the DCI and other agencies, develop appropriate technologies for use by SMEs in local consumption and production for commercial purposes.





Corporate Services Division

- Provide the necessary support to the Office of the MD and the Board in realizing the objectives of the Corporation through;
 - ✓ Provision of support to other divisions in Business Development Services, Business Information & Training and Small industries Centre.





SME CONSTRAINTS

- Access to FINANCE
- Access to MARKETS
- Access to BUSINESS INFRASTRUCTURE & FACILITIES
- Access to INFORMATION
- Access to SKILLS DEVELOPMENT
- Access to APPROPRIATE TECHNOLOGY





Conclusion

SBDC is the lead implementing agency in SME development in Papua New Guinea.

- The remaining three (3) months will see SBDC making further progress and build on the achievements of the past two years and these include;
- The ongoing process of merging SIC into the Corporation
- Extending the outreach and scope of our small business credit scheme
- Participating in provincial impact programs
- Implementation of the KAB Program in schools as well as undertake further discussions with University of Goroka to incorporate as part of its teacher training program.
- Sectoral adaptation of the SIYB Program; and
- Further training of Master Trainers under SIYB.





WHERE TO GET MORE INFORMATION?






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Small Business Development Corporation
P.O. Box 286, WAIGANI, NCD
Papua New Guinea

Ph: (675) 323 5816 (675) 325 0121

Fax: (675) 325 0801

Website: www.sbdc.gov.pg



Asia-Pacific Economic Cooperation

**APEC TRAINING COURSE ON ENHANCING
ENTREPRENEURSHIP FOR SMEs**

**“SMEs and Entrepreneurship as engines for Employment
and Development : concepts and the Peruvian case ”**

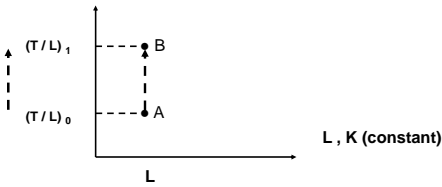
Submitted by: Mr. Ricardo Perez, MA
Business Development Director
National Bureau of Micro & Small Enterprises
Ministry of Labor and Employment Promotion
PERU

Hanoi, Vietnam ♦ June 17 – 19, 2008

1. ENTREPRENEURSHIP : BASIC CONCEPTS

❖ “It is frequently noted in the textbook theory of the firm that there is no role for the entrepreneur. This is the case largely because of the assumptions of “*perfect knowledge*” and a “*given technology*”. Once these assumptions are abandoned then the entrepreneur immediately becomes a strategic agent of change” (Henry Bruton, “On the Search for Well – Being”, 2000)

$$\frac{\text{TURNOVER (SALES)}}{\text{Number of Workers (L)}} \quad \Rightarrow \quad \text{Ratio "Proxy" of PRODUCTIVITY}$$



❖ **OECD (1998)** : “ Entrepreneurs are **agents of change** and **growth** in a market economy and they can act to accelerate the generation, dissemination and application of **innovative ideas**.....Entrepreneurs not only seek out and identify potentially profitable economic opportunities but are also **willing to sake risks** to see if their hunches are right”

❖ **UNCTAD (2004)** : “the manifest ability and willingness of individuals, on their own, in teams within and outside existing organizations, to perceive and **create new economic opportunities** (new products, new production methods, new organizational schemes and new product – market combinations) and to **introduce their ideas in the market**, in the face of **uncertainty** and other obstacles, by making decisions on location, form and the use of resources and institutions” (Thurik, Roy - Professor of Economics and Entrepreneurship / Erasmus University Rotterdam)

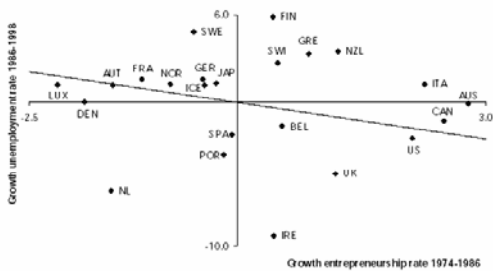
OECD: Organisation for Economic Cooperation and Development
UNCTAD : United Nations Conference on Trade and Development

- ❖ **Roles of the Entrepreneur (Henry Bruton, 2000):**
 - a) Is a principal source of the **Idea of Progress** (a notion that goes well beyond the ideas of internal rates of returns, net present value and benefit – cost analysis)
 - b) Perceives the **specific profit opportunity** (author of the initial investment decision)
 - c) Is one – not the only – production worker engaged in **searching** and **learning** looking for **change**
- ❖ **Functional Roles of Entrepreneurs (UNCTAD, 2004) :**
 - a) **Risk seeking:** willing to take the risk associated with uncertainty
 - b) **Opportunity seeking:** perceiving and seizing new profit opportunities
 - c) **Innovativeness:** accelerating the generation, dissemination and application of innovative ideas

2. ENTREPRENEURSHIP AND EMPLOYMENT

- ❖ Approaches (ambiguity).
 - a) **“Refugee Effect”** : Unemployment stimulates entrepreneurial activity. Individuals confronted with unemployment and low prospects for wage employment turn to self – employment as a viable alternative (**Necessity - oriented**)
 - a) **“Schumpeter effect”** : Higher levels of entrepreneurship reduce unemployment (**Opportunity – oriented**)

Figure 1: Changes in entrepreneurship and unemployment rates in OECD countries



Those countries exhibiting a greater increase in entrepreneurship rates between 1974 – 1986 also tended to exhibit greater decreases in unemployment rates between 1986 and 1998. This would suggest a negative relationship between entrepreneurial activity and subsequent unemployment

PARTICIPATING COUNTRIES IN 2007

In 2007, 42 countries participated in the GEM project. As in previous GEM reports, a distinction is made between the high-income countries and the middle- and low-income countries. The second group is further refined by separating Europe and Asia from Latin America and the Caribbean since GEM data has shown that there are pervasive differences in entrepreneurial behavior in these global regions.

High-Income Countries

Austria, Belgium, Denmark, Finland, France, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Netherlands, Norway, Portugal, Puerto Rico, Slovenia, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, and United States

Middle- and Low-Income Countries: Europe and Asia

China, Croatia, Hungary, India, Kazakhstan, Latvia, Romania, Russia, Serbia, Thailand, and Turkey

Middle-and Low-Income Countries: Latin America and Caribbean

Argentina, Brazil, Chile, Colombia, Dominican Republic, Peru, Uruguay, and Venezuela

Technical Note 1:

1. The Total Entrepreneurial Activity Index (TEA):

Combines two measures :

- a) The proportion of the adult population currently engaged in creating a new business,
- b) The prevalence of new firms that have survived the start – up phase.

2. GEM 2002 study (<http://www.gemconsortium.org>) :

A survey of 37 countries representing about 62% of the world's population, the GEM estimates:

- a) 460 million adults around the globe are engaged in entrepreneurial activity,
- b) Two thirds of the entrepreneurs are **opportunity – oriented**, while the rest are **necessity – oriented** (trying to start businesses because they have no job options).

Technical Note 2: TOTAL FACTOR PRODUCTIVITY - TFP

- ❖ How much of the growth in **output per worker** is associated with growth in physical and human capital per worker and **how much is due to technology, institutional change and other factors?**
- ❖ "TFP is due to entrepreneurial capacity" (Fulvia Farinelli - UNCTAD Programme Officer – EMPRETEC Chile)

The Solow residual (r_A) is a measure of TFP.

$$r_Q = r_A + \alpha r_K + \beta r_L \quad \longrightarrow \quad r_A = r_Q - (\alpha r_K + \beta r_L)$$

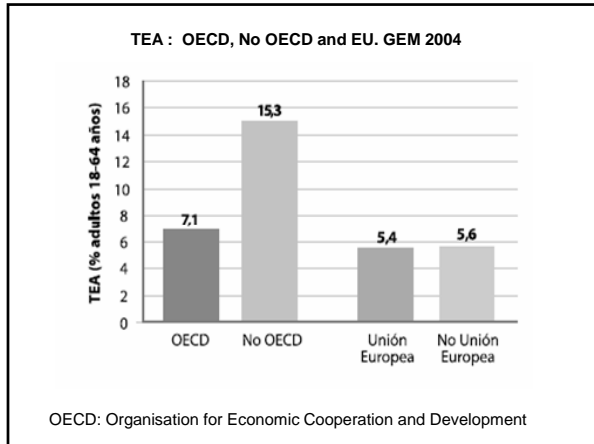
r_Q : Growth rate of GDP

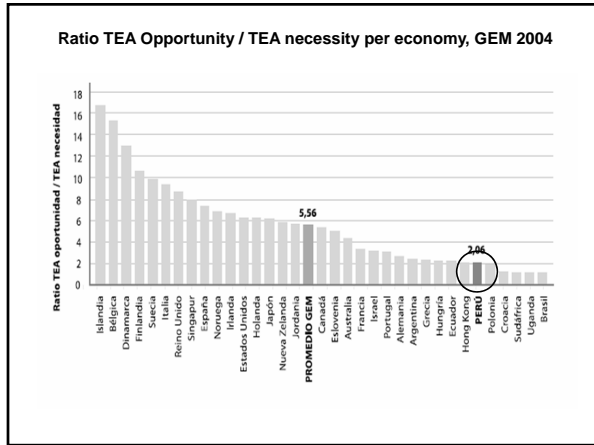
r_A : Total factor productivity growth (output growth not accounted for by the growth in inputs)

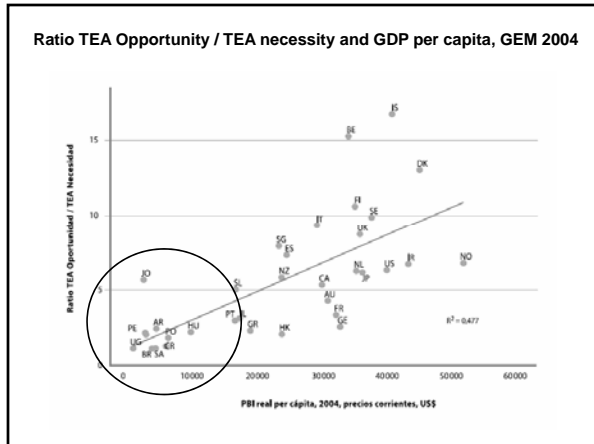
r_K : Rate of growth of capital

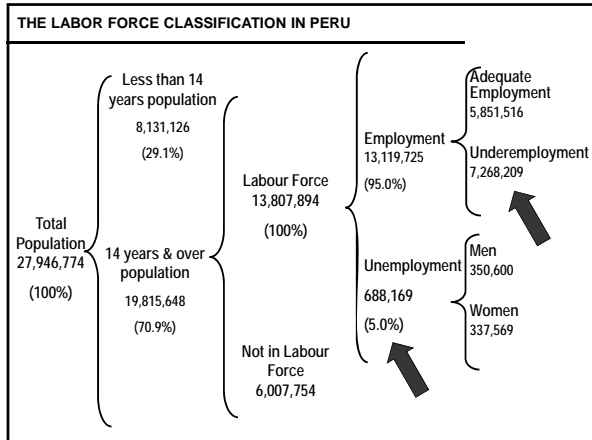
r_L : Rate of growth of labor

α and β are elasticities of capital and labor respectively









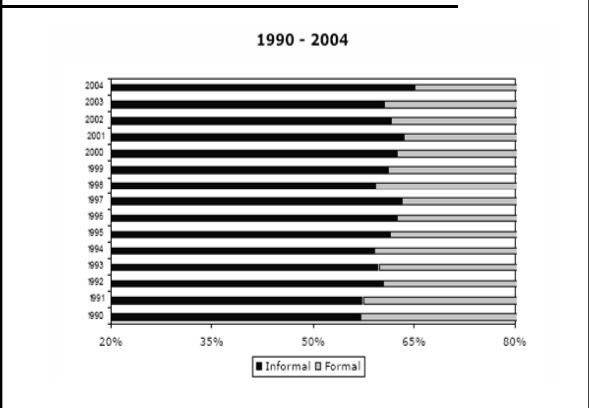
Labor Market Structure

Total Employment	13,119,725	100.0%
1. Public Sector	900,814	6.9%
2. Private Sector (employees included)	4,404,343	33.6%
• Micro Enterprise	2,454,004	18.7%
• Small Enterprise	949,532	7.2%
• Medium & Large E.	1,000,808	7.6%
3. Own account	4,863,478	37.0%
• Professional	166,154	1.3%
• No professional	4,697,324	35.7%
4. Unpaid and others	2,951,090	22.5%
	8,267,014	(63.0%)

Micro and Small Enterprises and Informality

	FORMAL enterprises	INFORMAL enterprises	Total number (Micro and Small Enterprises)
Micro	622,209	1'855,075	2'477,284
Small	25,938	15,395	41,333
TOTAL	648,147	1'870,470	2'518,617
Percentage	25%	75%	100%

Lima City : Evolution of Informality in the Labor Market



"Invention and entrepreneurship are the heart of national advantage" (Michael Porter. The Competitive Advantage of Nations -1990)

THANK YOU

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**UNIVERSITY OF THE
PHILIPPINES**



**INSTITUTE FOR
SMALL-SCALE
INDUSTRIES**



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University Extension
Specialist

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Your Training, Consultancy and Research PARTNER



UP-ISSI

ampus, iliman, uezon ity el.
nos: -

[Http://www.upd.edu.ph/~issi/](http://www.upd.edu.ph/~issi/)



UNIVERSITY OF THE PHILIPPINES INSTITUTE FOR SMALL-SCALE INDUSTRIES

UNIVERSITY OF THE PHILIPPINES



Board of Regents



President of the University



Autonomous Campuses
Diliman, Manila, Los Baños, Iloilo, etc.



R.A. 6041
23 June 1969



UNIVERSITY OF THE PHILIPPINES INSTITUTE FOR SMALL-SCALE INDUSTRIES



To improve the quality of life of the Filipino people by being the institution in training, research and consultancy for small and medium enterprises.



UNIVERSITY OF THE PHILIPPINES INSTITUTE FOR SMALL-SCALE INDUSTRIES

MISSION

To empower small and medium enterprises sustain their viability in a global environment so that they may more fully contribute to the national goals of growth, employment, and equity through the provision of relevant, affordable, appropriate and innovative



· training programs



· research studies



· consultancy and information services

As it does these, UP ISSI will continue to nurture its internal capabilities, tap external resource and use state of the art facilities and technologies.



GOALS

General: To provide training, research and consultancy services to entrepreneurs and development catalysts in the small and medium industry sector.

Specifically

- 1) UP ISSI in the next three years will prepare a plan to raise to a higher level, information and programs for the development of the following industry clusters:
 - o food
 - o gifts, toys, and housewares
 - o furniture and furnishings
 - o wearables
 - o packaging



- 2) To institutionalize productivity and quality enhancement programs;
- 3) To develop and implement innovative schemes to improve SME access to markets and financing;
- 4) To promote/encourage the use of information technology
- 5) To encourage local government units to adopt policies and programs conducive to the development of industries/enterprises**
- 6) To implement programs that will include moral, social and work values for both employers and employees.



Committed to the...



CREATION



PROMOTION



IMPROVEMENT



GROWTH

of

Small and Medium Enterprises (SMEs)



UNIVERSITY OF THE PHILIPPINES INSTITUTE FOR SMALL-SCALE INDUSTRIES

A pioneer in...



↖ Training of consultants and counsellors for SMEs

↖ Low cost automation systems, programmable logic controllers

↖ **Socio-economic planning through integrated area development focused on the establishment of enterprises at the regional, provincial & community levels**



A pioneer /innovator in...



Formal education (high school and college)



Overseas Filipino workers



Hospitality sector



Intrapreneurship



Training of facilitators, trainers, teachers



Community-based technologies



As a second career after early/compulsory retirement



A pioneer in...



**New Enterprise
Planning**

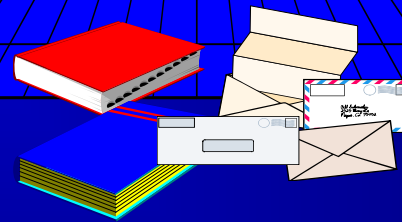


**Personal
Entrepreneurial
Competencies**



**Small Business
Counselling**

**Distance
Learning**



A pioneer & innovator in...

- ↖ Establishment of academe-based extension programs for and in support of SMEs
- ↖ Livelihood & micro enterprise development for dwellers in marginal resettlement areas
- ↖ Establishment of credit union in blighted areas
- ↖ Conduct of socio-economic survey and establishment of integrated area development plan for the regions

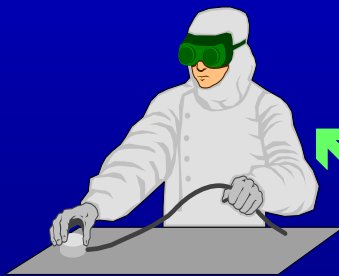




↖ Established the first supervised credit program

↖ Set up the first guarantee program (IGLF) with the then Central Bank of the Philippines

↖ Implemented integrated area development programs in selected provinces in collaboration with the provincial executive unit



↖ Application of low-cost automation, robotics, instrumentation, ergonomics and good working conditions



BENEFICIARIES

Industry Sectors:

- Jewelry -making in Bulacan
- Shoemakers in Marikina
- Weaving in the Ilocos
- Ceramics in Bacolod
- Handicraft making in Bicol
- Food processing in Bulacan



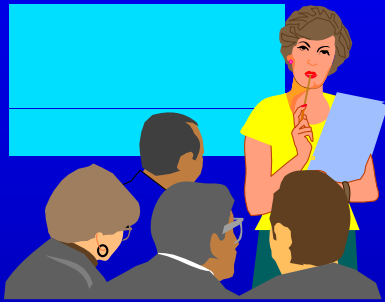
Local Government:

- ⌘ Front liners in municipal/city hall
- ⌘ Bgy. captains, mayors, governors
- ⌘ Planning/dev't. officers & catalysts
- ⌘ Rural workers



DELIVERY MECHANISMS

**TRAINING/
workshops**



CONSULTANCY



RESEARCH



INFORMATION



SELECTED COMPLETED PROJECTS

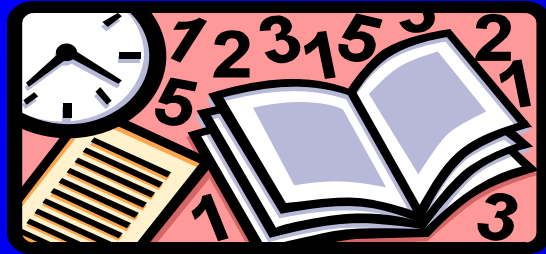


- Established Technology Business Incubators
- APEC Center for Technology Exchange and Training for Small and Medium Enterprises (ACTETSME)

➤ Manuals:

How to Approach Banks (for loan applicants) How to Evaluate Credit Risks (for banks) Improve Your Business





Books /Publication:

- ❖ Credit Manual
- ❖ Inventors as Entrepreneurs
- ❖ Filipino Women in Business
- ❖ Dreamers, Doers, Risk takers
- ❖ Bridging the Gap



Training /Workshops :

- ❖ **Regional industrial development course for local government executives**
- ❖ **Technology transfer**
- ❖ **Entrepreneurship programs for local government executives**
- ❖ **SME Development plan**
- ❖ **Strategic Planning**



SOME RELEVANT PROJECTS/SERVICES for Local Government Units and NGOs *For the past 5 years*

- ↓ **Entrepreneurship Development Program for Local Government Executives**
- ↓ **Consultancy Program for Cooperatives**
- ↓ **Community-based Enterprise Development for People's Organization (Phil Federation of Environmental Concern)**
- ↓ **Designing & Implementing a Microfinance Program (CARE Bangladesh)**
- ↓ **Seminar/Workshop on Project Evaluation (Land Bank of the Philippines)**
- ↓ **Rural Enterprise Development Workshop (Dept of Agrarian Reform)**



- ↓ **Small Business Advisory Services (Dept of Trade & Industry)**
- ↓ **NGO Development Program in all regions (DTI- ADB funded)**
- ↓ **Training Programs for Entrepreneurs- nationwide (Development Bank of the Philippines - OECF)**
- ↓ **Small Business Consultancy Course (GTZ – Vietnam)**
- ↓ **Productivity Programs for SMEs in the Countryside: Indigenous Communities Enterprise Project (APEC Secretariat, Singapore)**
- ↓ **An Evaluation of Zambales Area Management Banking & Livelihood Institute - Community Enterprise Development (Interchurch Organization for Development- The Netherlands)**
- ↓ **Advisory Services to NGO Micro Credit Conduits (DTI- ADB)**
- ↓ **Sustainable Agriculture and Enterprise Development Course (Agrarian Reform Community Development Program – DAR)**
- ↓ **Project Appraisal, Evaluation and Monitoring (DTI, LBP, BSP, DBP)**



PRESENT ACTIVITIES

CONTINUE with

Networking

Research studies
-development
- policy
- evaluation
- publications

Improve your
Business series

Entrepreneurship
programs






Distance learning
packages

Technological
course in robotics,
low-cost automation



PRESENT ACTIVITIES

APEC - related activities on SMEs

-  Network of SMEs
-  Let us do business
-  Professionalizing small business counselling
-  Training of business counsellors by distance education
-  Certification of counsellors

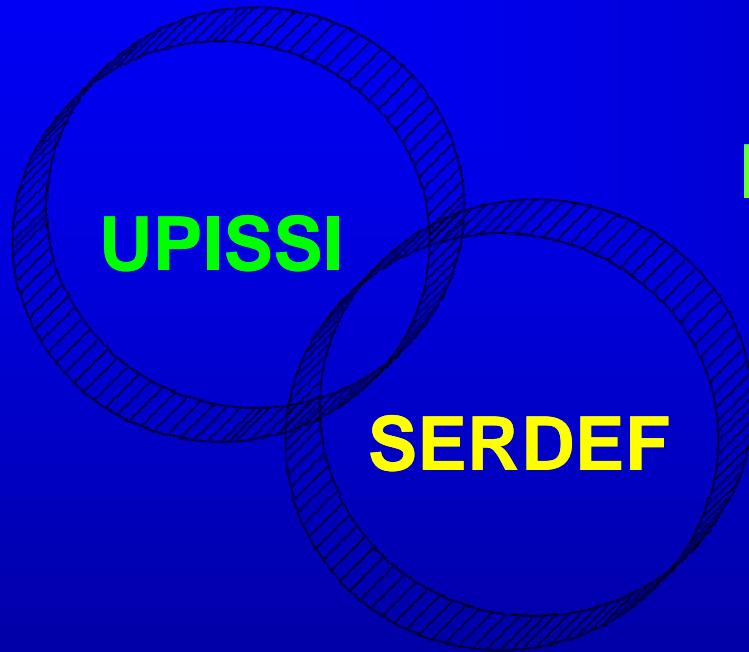
Training, research, extension services for Aid/donor agencies

Selective International Programs

Training of Facilitators, Trainors and Teachers



PARTNER



**Small Enterprises
Research & Development
Foundation, Inc.**

(SERDEF)

www.upissi.net/serdef.html

MAJOR PARTNER



UNIVERSITY OF THE PHILIPPINES INSTITUTE FOR SMALL-SCALE INDUSTRIES

UPISSI

Has partnered with LGUs since its founding in 1966

Supported local government units through training, research and consultancy

Cooperated with key stakeholders such as LGU executives and planning officers of provinces, cities, municipalities

Will continue to partner with LGUs by

- * *Participating in public hearings for legislative purposes*
- * *Facilitating workshops in preparing their strategic plans*
- * *Organizing roundtable discussion for the purpose of*
- * *Determining priority sectors for establishing support services*
- * *Organizing enterprise development programs*
- * *Collaborating with LGU executives who support trade associations*



Supporting Facilities for Thai SMEs



Pim Niyomwan

**International Cooperation and Policy Support Department
Office of SMEs Promotion, Thailand**

APEC Training Course on Enhancing Entrepreneurship for SMEs

17-19 June 2008, Hanoi, Vietnam



Background



Office of SMEs Promotion (OSMEP) was established under the Small and Medium Enterprises Promotion Act 2000 as a juristic entity and a governmental office, not an official agency or state enterprise.



Vision

“To be the country’s central organization in formulating SMEs promotional policies and strategies as well as coordinating governmental and private working systems in achieving the strong and sustainable growth of SMEs as the main driving force of the country’s economy”



Key Duties

- 1. Formulating SMEs Master and Action Plans and SME-related laws and regulations**
- 2. Taking charge of SME promotional activities that have yet to be implemented by other offices**
- 3. Establishing international networks**
- 4. Providing support facilities for SMEs such as venture capital, mentoring, incubation, one-stop service, SMEs portal**
- 5. Serving as SMEs' advocacy in both local and international arenas**
- 6. Managing and monitoring special SME promotional projects under the government's policies**



Venture Capital Funds

**A) VC Fund for Enhancing
Competitiveness of Thai Businesses**

B) SMEs VC Fund

C) Innovation Development VC Fund



OSMEP's Research Findings on Venture Capital Trends

- 5 most prevalent target industries for venture capital include the following industries:
 - Food and Beverages
 - Machinery
 - Household goods
 - Wood products
 - Garment
- Future trends (industries with potential growth):
 - Food and Beverages
 - Energy
 - R&D
 - Hotel & Restaurant



Capacity Building Fund

Objectives

1. To support SMEs in developing business in such areas as management, IP, and marketing
2. To enhance SMEs capabilities and standards to increase opportunities in the international market.
3. To add value to SMEs businesses, products and services.

Conditions

1. It is a financial support in the form of a grant
2. Max. subsidy is 50% of total expenses and not exceed 500,000 baht per enterprise



Consultancy Fund

(up to 250,000 baht)

Objective

- It is a financial support for SMEs consultancy on business system development, product/service development. Moreover, it supports SMEs that face entrepreneurial problems in management, accounting, financing

Prospective Targets

- SMEs facing entrepreneurial problems in management, accounting, financing, investment, human resources, product design, or logistics.
- SMEs wishing to branch out or diversity their business through market expansion or product and service development.



Internationalization Fund

(up to 250,000 baht)

Objective

- It is a financial support for SMEs in the internationalization process which involves participation in both domestic and foreign trade fairs, business matching, market research and survey

Prospective Targets

- SMEs in need of foreign market surveys
- SMEs aiming to expand their products and services into the international markets
- SMEs wishing to participate in international business matching events organized by OSMEP and any other agencies



Intellectual Property Fund

(up to 500,000 baht)

Objective

- It is a financial support for SMEs in intellectual property registration both domestically and internationally as well as in acquiring licenses from local IP owners

Prospective Targets

- SMEs wishing to register IP both domestically and internationally
- SMEs wishing to obtain licenses from domestic IP owners
- SMEs wishing to acquire IP assets from domestic IP owners



OSMEP Incubation Funding Structure

- 60% by OSMEP (e.g. mentor/advisor fees)
- 30% by Incubator (In-kind, In-cash)
- 10% by Incubatee



OSMEP Consultancy Services

- Finance (*daily*)
- Product Design and Development (*Mon.*)
- Franchising (*Tues.*)
- Marketing (*Wed.*)
- Legislation (*Thurs.*)
- Management (*Fri.*)
- Export (*Fri.*)



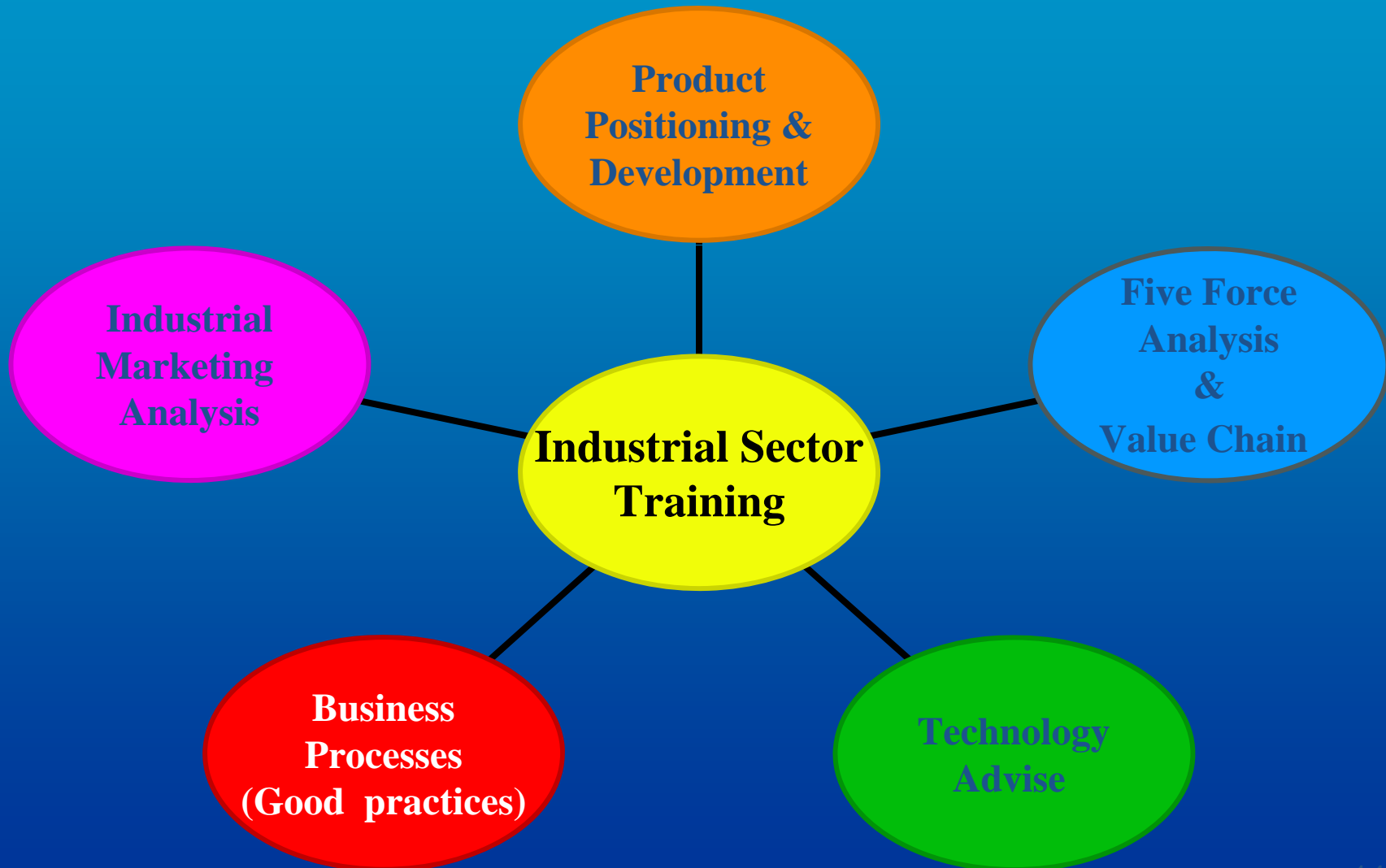


Business Training and Coaching





Training and Coaching for the Industrial Sector





iSMEs Development Project





Objectives of the Project

1. Provide advisory services on marketing strategies, designs, and production process.
2. Provide product and packaging standard inspection in order to upgrade the product and service standards and comply with international standards.
3. Provide product and packaging development services in conjunction with product concept layouts.
4. Function as an information center for sharing the local knowledge in order to help improve the competitiveness of product development.



Objectives of the Project (con't.)

5. Function as a center, providing business solutions and guidance on developing new products.
6. Help entrepreneurs to get support from other projects implemented by public and/or private sectors and access to financial resources and domestic/international marketing channels.

SMEs University: Procedures

Identify business potential in the area/region
Identify the potential of academic institution

Select academic institution to become network member

Work with academic institutions in 5 regions and set up a SME network which conforms with regional and national development strategies

Undergraduate

Vocational/Community College

Long-term course in regular educational system

Short-term course intermittent educational systems

Short- and medium-term course

Objective: SMEs Entrepreneur

Objective: Microenterprises

Evaluation and Monitoring

Network Creation and Course Design

Networking Institutions

Selected entrepreneurs chosen by networking institutions

OSMEP

Graduate /Vocational Level

- Institutional facility
 - Personnel
 - Building/Location
 - Tools
 - Budget
- Bridging of network
- Selection of potential business
- Selection of potential trainees

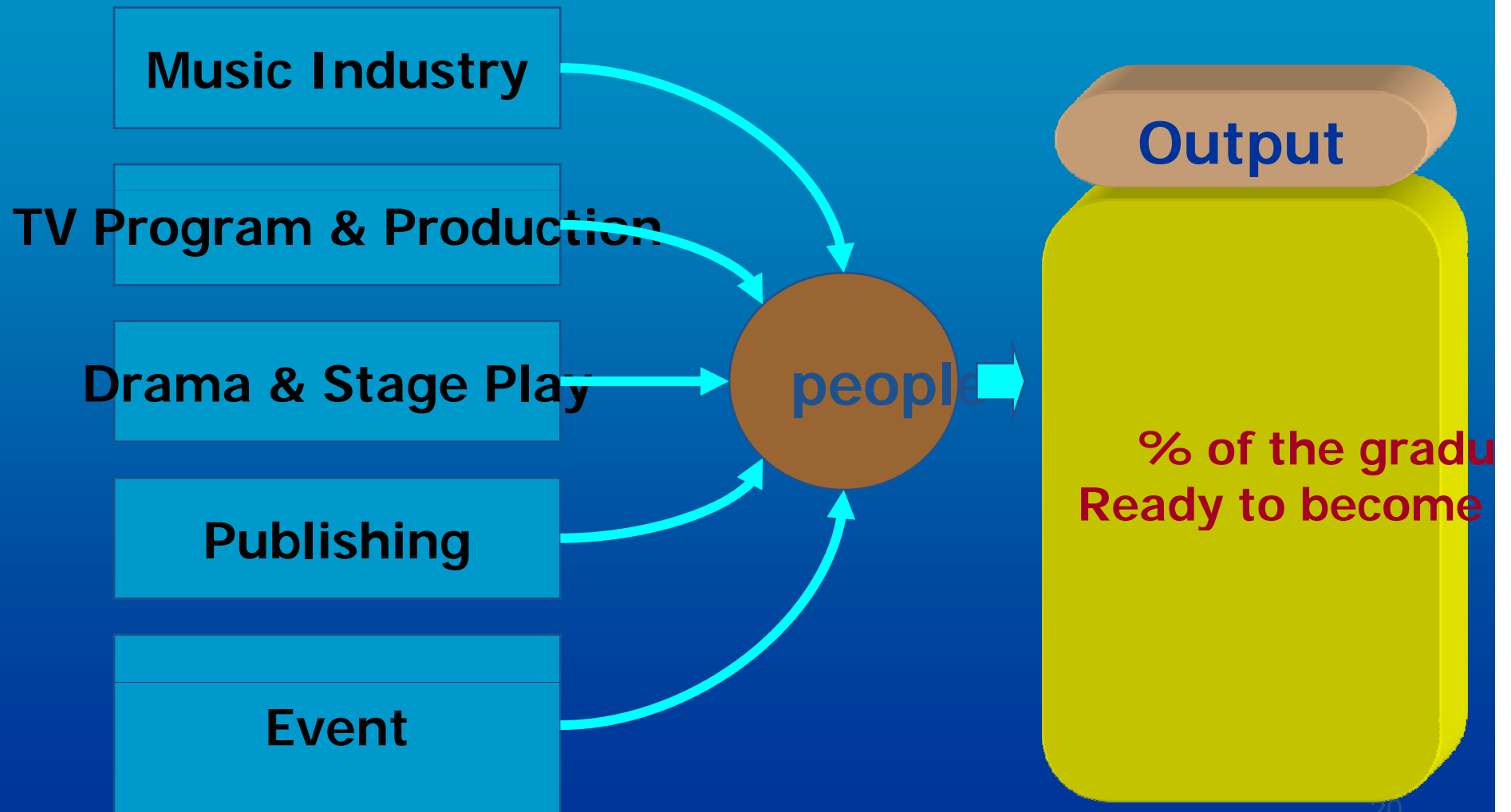
Special curriculum
 knowledge + related theory
 Technical knowledge/practical
 Seminar/Site visit (70%)
 Technical Skills + Management S

- Operational gu
- Support from O
 - Training bud
 - usage of ava
 - facility
 - Personnel/Ex
- Supervision and Evaluation

Output

- SMEs entrepreneurs start
- Microenterprises

Bangkok University:
MA in Entertainment Business and Production Management





Business Matching Program

Objectives

- To promote the development and expansion of businesses and investment
- To spur the development of SME technology and innovation
- To promote the development of supply chains and industrial clusters
- To support continuous growth and sustainability of Thai SMEs
- To improve marketing and investment access
- To provide knowledge, consultancy and other services for SMEs
- To take advantages of SME support policies

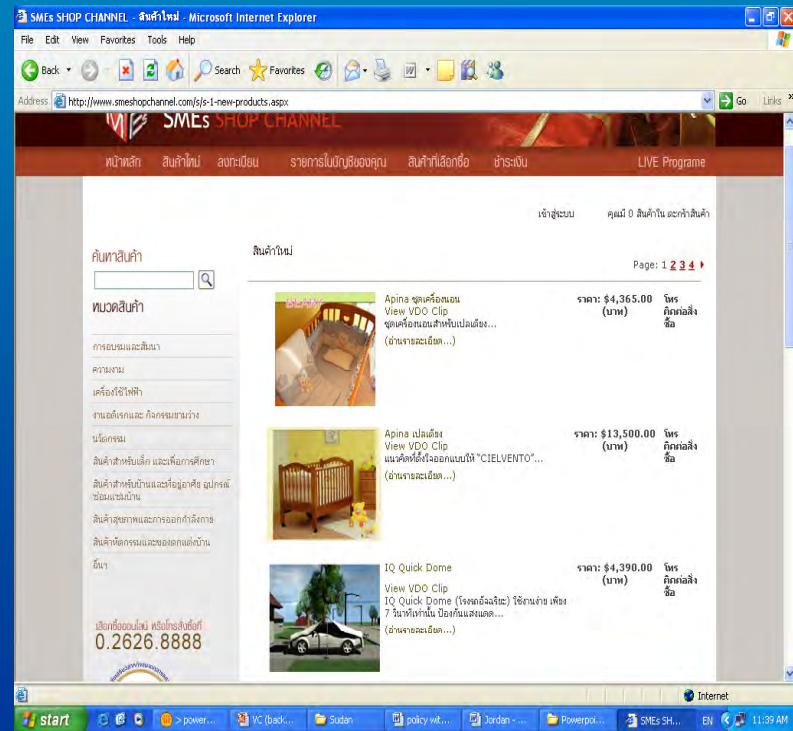
Prospect Targets

- Industries under OSMEP's SMEs Promotional Plan which include handicrafts, paper packaging, food, gems and jewelry, garment and textile, leather goods, furniture, ceramics, electronics and electrical appliances, automotive and parts, rubber products, plastic
- Targets include China, Malaysia, Vietnam, Italy, Australia, USA, India, Romania, Russia, Dubai



OSMEP's SME-related Media

- SMEs Today magazine
- SMEs Shop Channel (Local Cable TV)



SMALL AND MEDIUM ENTERPRISES SUPPORTS IN VIETNAM

Presented by Dao Tuan Anh, Viettech

CONTENTS:

- Importance of SMEs in Vietnam
- Problems the SMEs face
- What the government and associations have done to fix the problems
- Assistance of foreign government and international organizations
- Policy Recommendations

Vietnam's definition of SMEs

Government's Decree No. 90/2001/CP-ND:

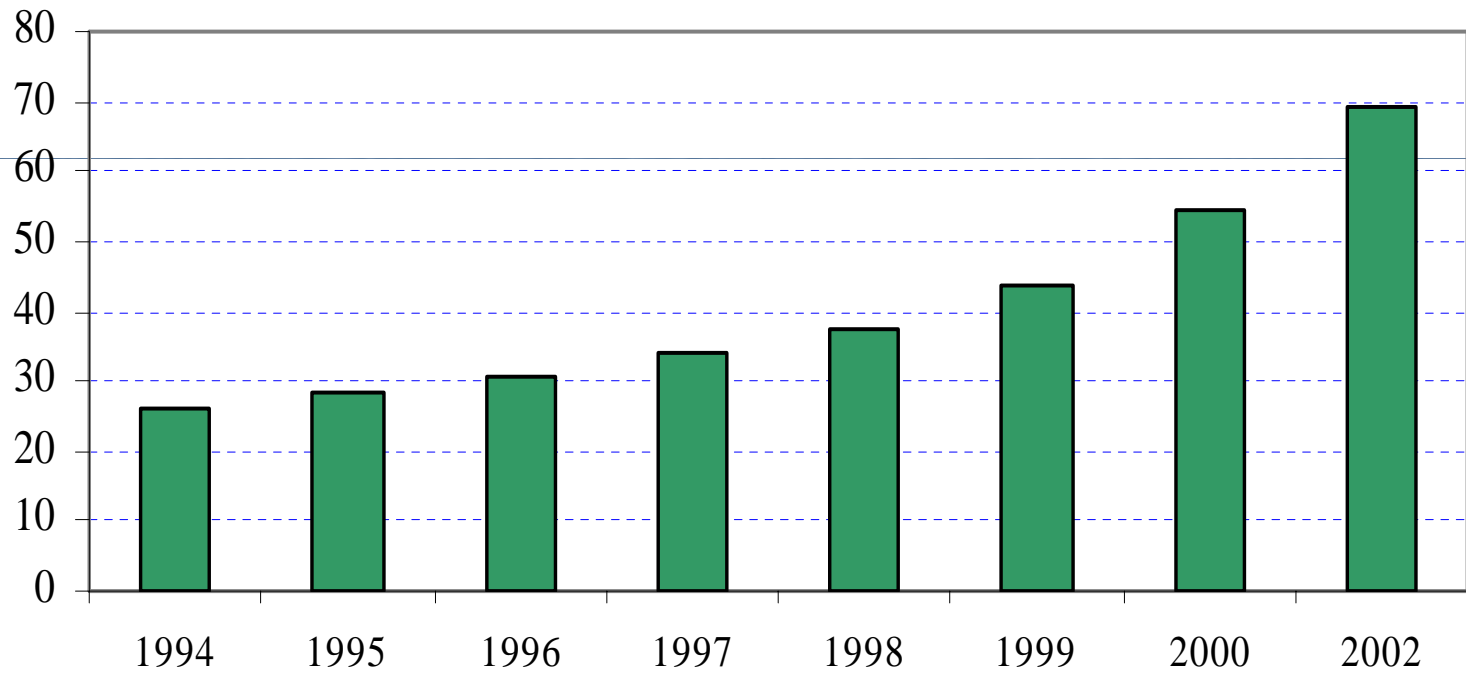
Enterprises with registered capital of less than VND10 billion,

OR

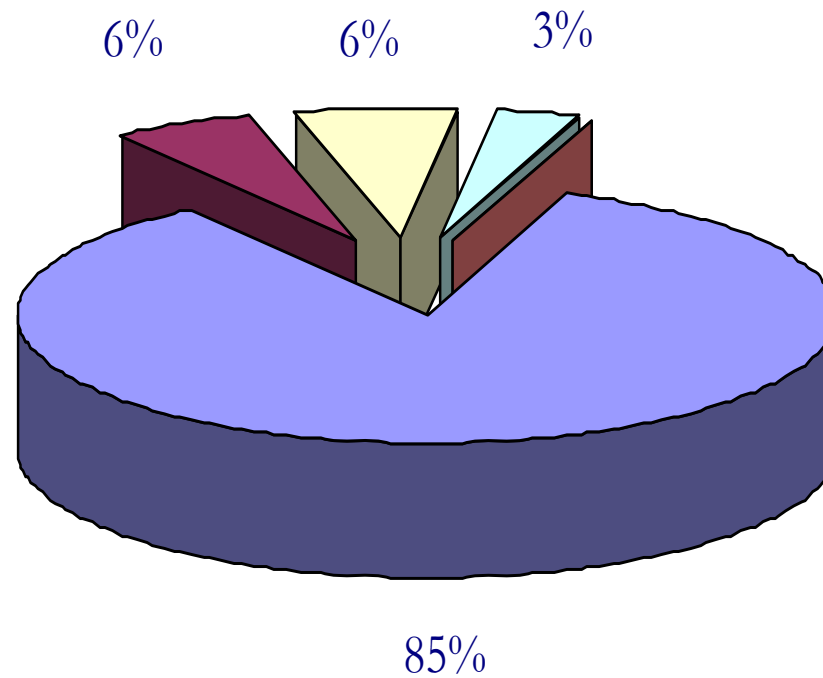
Number of employees less than 300

Number of SMEs

Thousand



Enterprises by sector, 2000



■ Private SMEs

■ State-Owned SMEs

■ Large Private Enterprises

■ Large State-Owned Enterprises

Enterprise structure by capital stock (%)

Capital in VN bil.	< 5bil	5-10	10-50	50-200	>200
100% State-owned	27	16	36	17	4
100% foreign	15	14	42	19	10
Joint-ventures	9	11	34	27	20
Hhs, Partnership, Sole Proprietorship	98	2	1	0	0
Joint-stock	47	18	23	8	3
Limited liability	80	10	9	1	0
Cooperative	90	6	4	0	0

Enterprise structure by size of workforce (%)

Number of employees	< 50	50-199	200-499	> 500
100% State-owned	20	40	23	16
100% foreign	32	33	21	14
Joint-ventures	33	43	16	7
Hhs, Partnership, Sole Proprietorship	97	3	0	0
Joint-stock	43	39	13	5
Limited liability	82	13	3	1
Cooperative	80	15	3	2

Problems of SMEs in Vietnam

- Access to Finance
- Constraints in Land
- Shortage of information
- Disadvantage in Technology, machines and equipments
- Deficiency in Human Capital
- Playing fields have not been level

Problems of Textile & Garment SMMEs

- Stiff Competition
- Low Productivity
- Inefficient Infrastructure
- Weak Supporting Industries
- Quantitative Restriction
- Dependence on Middlemen

Problems of Seafood Processors

- A shortage of Capital
- Less developed Processing Technology
- Problem of antibiotic residues
- Lack of food sanitary responsibility by material suppliers
- Unfair trade barriers

Problems of Electronics Assemblers

- Technological dependence on foreign supplier
- Taxation is not helping
- Ineffectiveness of Customs offices
- Bureaucratic Local Administrative Apparatus

Progress in Supporting SMEs

- Legal framework
- Financial Resource
- Supporting Organizations

Legal framework

- Revision of the Law on Promotion of domestic investment, 1998;
- Enterprise Law, 2000:
 - + Relaxed of constraints on private entry: “Register First, Check Later”
 - + Removed hundred and fifty of sub-Licenses in 2002, 2003
- Passage of Customs Law in 2001, revision of Labor Law, ...

Decree on Promotion of SMEs, 2001

- Council for promotion of SMEs
- Department for SMEs Development
- Establishes “Incubators of Enterprises”
- Three Centers for Technical Assistance to SMMEs in Hanoi, Ho-chi-Minh City and Da-Nang.

Financial Supports

- The Fund for SMEs Credit Guarantee
- Export Support Fund (ESF)
- Development Assistance Fund (DAF)

Fund for SMEs Credit Guarantee, 2001

Provision by provincial People Committees, Up to 80% of the gap (Loan - Collateral)

Conditions:

- a. Having feasible project,
- b. Collateral at $\geq 30\%$ loan
- c. No bad debt

Export Support Fund, 1999

- Covers interest cost on banks' loans related to losses when the world market prices for agricultural products drop
- Support for a number of export goods that suffer from high risk or low competitiveness.
- Awarding for works done in expansion export market, introducing products for export

Development Assistance Fund, 2000

- ✓ Provision of long and medium- term investment lending at preferential rate
- ✓ Provision of post-investment interest subsidy
- ✓ Provision credit guarantee
- ✓ On-lending funds of ODA sources
- ✓ Short-term export promotion credit to producers of agricultural, aquatic, ceramic, fine arts woodwork, textile, garment, foot ware products.

Supporting Organizations (Domestic)

- Vietnam Chamber of Commerce and Industry (VCCI) and its Small and Medium Enterprise Promotion Centers, (SMEPC)
- Vietrade (under the Ministry of Trade)
- Hanoi SME Association
- Ho-Chi-Minh City's People Committee Trade Promotion Program
- Rural SME Association,
- Vietnam Young Entrepreneurs Association
- Trade Associations in sectors, ...

SME Largest Foreign Supporting Organizations

- European Union SME Development Fund
- Japanese Bank for International Co-operation SMEs
- UNIDO
- Mekong Project Development Facility
- International Financial Corporation in Vietnam

Other Foreign Supporting Organizations

- Asian Development Bank
- Asia Foundation
- CIDA (Sweden)
- DANIDA (Denmark)
- DFID (British)
- GTZ SME Promotion Project (Germany)
- International Development Enterprises

- KFW (Germany)
- SIYB-ILO Project
- Mekong Capital, Ltd.
- JICA (Japan)
- SIDA (Sweden)
- SNV (Netherlands)
- Swisscontact
- USAID
- UNDP
- World Bank
- ZDH Partnership Program (Germany)

Which is Effective?

- The Enterprise Law, and the Law on Promotion of domestic investment have been very effective
- Mechanism of SMMEs Credit Guarantee Fund has not been realized in practice after a year
- Other Funds: performed some how, but success has been limited
- Supporting organizations: generally, there has been at most moderate success

RECOMMENDATIONS

- Less discretion of Customs, Taxation, and Administrative Management officers, let computers perform services by rule of Law
- Less SOEs, which are no friends of SMMEs
- Urban land market be ruled by actual demand and supply (depress speculation)
- Monopoly and other protections be removed
- Less tax, more entrepreneurship and FDI

SUMMARY REPORT
APEC TRAINING COURSE ON ENHANCING
ENTREPRENEURSHIP FOR SMEs

The APEC Training course on Enhancing entrepreneurship skills for SMEs was held in Hanoi, Vietnam on 17-19 June 2008 with the participation of representatives from Indonesia, Malaysia, Mexico, Papua New Guinea, Peru, the Philippines, Thailand and Vietnam. Speakers come from Australia, Chinese Taipei, the United States, Vietnam and UNCTAD.

The Training course was divided into the following 6 sessions:

1. How to diagnose what service and help individual entrepreneurs need to success
2. Overview of the role of SMEs in the economy and contribution of entrepreneurs to the entrepreneurial engine
3. Examples, cases of how governments and agencies can help entrepreneurs in areas where they usually have needs
4. Practical applications, experiences and techniques for governments to help entrepreneurs and SMEs
5. Experiences sharing among APEC participants on supporting entrepreneurs
6. Panel discussion on how participants can improve the business and regulatory environment for entrepreneurs and assist them with better support services, etc...

The Training course was held in an informal way to encourage most interaction between speakers and participants. Speakers and participants shared view with each other in an cozy and friendly atmosphere, thus make discussions very open and fruitful.

Hereby are key discussion points at the training course:

Entrepreneurship today has been more and more popular. It can be understood as the spirit of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Entrepreneurship is often a difficult undertaking and entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship has to do with the

benefits, risks, and responsibilities of ownership. Entrepreneurship is also essential for the growth of foreign direct investment, building regional production networks and contributing to domestic growth and international growth. For these reasons, it is an extremely important matter to be addressed by all governments.

Speakers and participants shared view that in every economy, the spirit of entrepreneurship should be promoted in order to encourage people, especially young generations in order to grasp new business opportunities, thus generating new momentum for the economy and contributing to socio-economic development. Although the importance of entrepreneurship has been increasingly recognized, in some APEC members, there is still a lack of effective legal framework to foster entrepreneurship.

APEC participants shared with each other difficulties faced by SMEs and their experiences in promoting entrepreneurship in their economies. They have also listened to presentations of speakers on practical experiences and techniques for government to help entrepreneurs. Some key recommendations drawn from discussions at the training course:

1. The need to build entrepreneurial culture

When the role of entrepreneurship has been more and more recognized, governments play very important roles in fostering an entrepreneurship environment. The reality shows that in today's integrated world economy, more and more people want to establish their businesses. However, only those who are willing to take risk and not afraid of failure can survive and success. Education and awareness raising amongst young people is very important, especially promoting entrepreneurship in high schools and universities. The creation of Entrepreneurship Centers and Incubator Centers that provide business training, network opportunities, and mentoring contacts is also very important.

2. Governments need to build confidence for SMEs and encourage SMEs to adapt to changes

One way to keep SMEs working and progressing is to build confidence for SMEs. SMEs should recognize their roles in the economy. However, confidence building should not only be drawn from entrepreneurs per se, governments also have roles in this confidence building. One possible

way is to identify several strategies for improving the skills and capabilities of entrepreneurs. Governments should also encourage SMEs to be more active to participate in supporting programs developed by their governments such as international trade show and export promotion programs etc...

3. Effective and special support from governments

The speakers have mentioned key supports from governments, such as:

- Simplified & transparent administrative requirements
- Land access
- Finance access
- Trade promotion
- Capacity building & competitiveness enhancement
- Human resource and labor market development
- Improved laws/ policy-making
- Law/ contract enforcement
- IP awareness and enforcement
- Improved social attitude
- Better planning and focus of public investment.

Governments should implement support programs to reduce entrepreneurship costs. Speaker from Chinese Taipei shared with the audience his economy's experiences on supporting SMEs in terms of bridging digital divide for SMEs. Chinese Taipei has a program which focuses on young SMEs and about 30,000 SMEs have received this help. They have learn how to do business over the internet, for example learn how to use e-commerce platform provided by governments to make auction, exchange goods etc... by that reducing operation costs. Apart from that, Chinese Taipei has organized virtual trade show to help SMEs get access to much bigger international market at very low costs.

Speaker from Australia shared view that it would be very useful if governments or SMEs supporting organizations produce a matrix to show the number of start-up business and the number of business, which do progress over a period of time in order to understand real difficulties faced by SMEs at each stage as well as identify possible intervention to be made by the governments.

Speakers also shared view that there is a need to evaluate the outcomes of each program and if possible to produce Key Performance Indicators (KPIs) for each program to assess its effectiveness.

4. Public-Private cooperation to help entrepreneurs

The training course also touched upon the issue of how the private sector can help entrepreneurs to start up, grow and prosper. Representative of Shirlaws, a Global Organization specializing in coaching businesses shared with participants how they have worked to help entrepreneurs. Typically, service providers to the SME market have concentrated on providing low cost or free services due to the view that small businesses can't afford to pay high fees. Shirlaws instead offer a higher value proposition. Its services are not inexpensive, but its clients receive a multiple return on this investment, so are happy to pay. The SMEs who are pre-dispositioned to take a *high value* rather than *low cost* approach to support are generally the higher growth, higher contributing businesses within the economy.

Using resources of business coaching and consulting companies to help entrepreneurs also help reduce governments costs and responsibilities in terms of helping SMEs. Therefore, governments should learn how to explore this channel.
