



**Asia-Pacific
Economic Cooperation**

**SME 11-2013 – APEC Train-the-Trainer Training Course
for Women SME Service Exporters – Summary Report**

**Ho Chi Minh City, Viet Nam
17th – 18th June 2014**

Small and Medium Enterprises Working Group

July 2014

APEC Train-the-Trainer Training Course for Women SME Service Providers

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Summary Report

I. Introduction

On June 17th and 18th, 2014, the APEC Train-the-Trainer Training Course for Women SME Service Exporters, initiated by Viet Nam and co-sponsored by Brunei Darussalam and Indonesia, was held in Ho Chi Minh City, Viet Nam. Speakers and participants from 10 APEC member economies (Australia, Chile, Indonesia, Korea, Malaysia, Mexico, Papua New Guinea, the Philippines, Thailand, Viet Nam), Germany and the Organization for Economic Cooperation and Development (OECD) attended the Training Course. Most of the Training Course participants were from SME associations, women's associations or were SME-owned/led women.

The Training Course was targeted to help equipping women SME service providers with knowledge, skills and techniques to improve enterprises' competitiveness and improve access to the global market, as well as to share experiences and best practices among women SME providers in exporting services to international markets. It aimed also at networking women SME service exporters. Last but not least, the Training Course is expected to develop recommendations for APEC to further build up women SME service exporters' capacity to participate in the global service chain.

II. Background

This project is designed to put into action APEC Leaders' commitment in 2012 in taking concrete actions to increase women's participation and empowerment in the economy. In addition, this project also directly supports APEC Leaders' Growth Strategy in general and APEC Leaders' Inclusive Growth in particular by its objective in empowering women, therefore, to improve the economic and social well-being of people across the APEC region.

Furthermore, this project meets the SMEWG Strategic Plan 2013 – 2016 as it is in line with the first priority in the SMEWG Strategic Plan regarding building management capacity, entrepreneurship and innovation. The proposed project will follow instructions and commitments of APEC SME Ministers on “assisting SMEs and MEs in Internationalization and Supporting Export-Oriented SMEs and MEs” as mentioned in the SMEMM Statement of 2012.

This project is also contributing to implement Ministers' instructions in their 2013 Ministerial Meeting on Small and Medium Enterprise (SME) and Women, which emphasized that “We agreed to bring together the expertise of both the Small and Medium Enterprise Working Group (SMEWG) and Policy Partnership on Women and

the Economy (PPWE) to provide coordinated approaches to address commonly cited challenges faced by women in SMEs through policies, programs and actions in our economies” and actions should be taken to empower women SMEs in the region.

Themes covered during the two-day event included: (i) *Export Services Internationally*; (ii) *Export Strategy*; (iii) *Services Innovation for Export*; (iv) *Export Capabilities*; (v) *Export Transaction*; (vi) *Best Practices in Expanding Services Export Internationally in APEC Member Economies*. The Training Course also had an exercise for teamwork to develop a business model in the tourism sector.

III. Discussion

Outcomes

The APEC Train-the-Trainer Training Course for Women SME Service Exporters included 2 days for presentations and discussions on knowledge, skills and techniques to improve enterprises’ competitiveness and improve access to the global market and for simulation exercise. The last session (recommendations for future activities) was an opportunity to share what participants can take away from the Training Course as well as to suggest potential APEC activities related to empower women SMEs in the region or other APEC capacity building activities. Overall, the Training Course achieved its main objectives as described in the project proposal. Moreover, all participants considered this as a valuable chance for networking among SMEs, SME associations and women associations within and outside the APEC region.

Key Issues Discussed

Opening remarks

In his opening remarks, **Ms Pham Quynh Mai (Deputy Director General, Multilateral Trade Policy Department, Ministry of Industry and Trade, Viet Nam)**, stressed the importance of the Training Course in the light that in developing economies in the Asia – Pacific region, including in Viet Nam, more than 90 per cent of businesses are classified as SMEs. Statistics have shown that worldwide the percentage of women-owned and –led SMEs accounted for from 31 to 38 per cent in 2010. The development of SMEs in general and SMEs owned by women in particular plays an important role not only for economic growth, but also for the stability of the social security, ensuring gender equality, contributing to job creation and sustainable development of an economy. She hoped that with intensive presentations of speakers and active discussions of all participants, the Training Course would offer a worthwhile opportunity for all participants to learn useful skills and strategies in service export development, service innovation, as well as learn experience from different economies attending the Training Course.

Training Course’s sessions

Experts provided presentations on the following topics:

1/ There were 2 speakers presenting during Session 1 on “Export Services Internationally”: **Mr Sergio Arzeni (Director, OECD Centre for Entrepreneurship, SMEs and Local Development) and Ms Nguyen Huong Tra (SME Development Expert, Viet Nam).**

Mr Sergio Arzeni highlighted that services are the lifeblood of national economies, and drivers of job creation, with steady increase in emerging economies. Mr Arzeni also reiterated that domestic and foreign services add value to the goods exported in key manufacturing sectors. To him, the untapped potential is technological change and the increasing fragmentation of production, which would continue to bring fresh opportunities for small services firms to supply “tasks” internationally. Mr Arzeni gave several examples that the service economy is based on small firms, and micro and small firms create most of the employment in services. In his conclusion, Mr Arzeni suggested ways to foster services SME internationalization by *(i) addressing constraints to establishing the first export operation, (ii) providing brokerage and information services on foreign market and collaboration opportunities, (iii) easing access to finance by current and potential exporters, (iv) easing access to human capital, (v) promoting innovation and intellectual asset management, and (vi) fostering networks of business partners, intermediaries.*

Ms Nguyen Huong Tra presented the basic information on trade in services. She pointed out the classification of services (GATS) and the four modes of services supply (cross border trade, consumption abroad, commercial presence and presence of natural persons). In addition to differentiating between services export and goods export, Ms Nguyen Huong Tra emphasized services business issues. Those are: competitive neutrality, freedom of cross-border data flows, forced localisation, improvements in rules to free up the movement and regulation of services business people, development of a set of principles providing best practice regulation for services, opening up of government procurement of services, disciplines in subsidies in services. In her conclusion, Ms Nguyen Huong Tra provided practical advice for SME service exporters as followed: *(i) clients are not necessarily foreigners, (ii) look for goods exporters, (iii) learn rules and regulations of the import market, (iv) prepare your strategy and business plan well in advance, (v) diversify your modes of supply, (vi) learn about and invest in people, language, culture, and (vii) examine your economy’s support for services export.*

2/ During Session 2 on “Export Strategy”, Mr Sergio Arzeni gave an in-depth presentation to introduce common obstacles for women entrepreneurs, including access to information, access to finance, access to skills and access to networks. He outlined five main components of export strategy. Those are: readiness to export, export business plan, market research, international trade environment and global value chains. In order to build an export business plan, Mr Arzeni reiterated the necessity of the company, the vision and objectives, the market, the products/ services for export, pricing strategy, the staff and the finances. In his conclusion, Mr Arzeni briefed on the opportunities for SMEs in the global value chains (GVC): access to

global markets at lower costs, improvement of firm's efficiency through cooperation with upstream and downstream partners, and innovation and technology updating. What is more, he explained the challenges for SMEs: lack of awareness and understanding of the structure and dynamics of GVC, difficult to identify own competitive strengths within the GVC, inadequate managerial skills and financial resources, strict product standards and quality requirements.

3/ During Session 3 on "Services Innovation for Export", speakers shared various experience through different aspects of service innovation.

Professor Utz Dornberger (Leipzig University, Germany) gave a presentation on "Innovation Management in Services". He emphasized ten types of innovation: profit model, network, structure, process, product performance, product system, service, channel, brand and customer engagement. In views of Professor Dornberger, more innovation management tools could be found in service functions, business process/structure, and customer experience. In business process/structure, Professor Dornberger highlighted service blueprinting, which (i) is used both in the planning and in the improvement procedures of services, (ii) allows to define the different contact points between the service provider and the client, (iii) allows to identify which process steps are visible for the client and which do not, (iv) takes into account all employees from all departments in the service provision process. Last but not least, Professor Dornberger suggested that innovation can be conducted via creativity or learning from competitors.

The presentation of **Dr. Sitanon Jesdapipat (Associate Professor, Vice Dean for International Affairs, College of Social Innovation, Rangsit University, Thailand)** was divided into 3 parts: (i) *Defining service innovation*; (ii) *Case study*; (iii) *Key to success*. With regards to the definition of service innovation, Associate Professor Jesdapipat introduced that a service innovation is a service product or service process that is based on some technology or systematic method. However, he also stressed that innovation does not necessarily relate to the novelty of the technology itself, but the innovation often lies in the non-technological areas. After sharing a case study on the tourism industry, Associate Professor Jesdapipat reiterated that service innovation is key to enhance the success of business by (i) learning from others, (ii) joint-venture, (iii) on-the-job training, (iv) being innovative, (v) learning to mimic and out-perform, and (vi) for some economies, the ASEAN Economic Community.

4/ During Session 4 on "Export Capabilities", speakers presented key elements of export capabilities, including production capabilities, quality management, distribution channels, marketing and branding.

Ms Venus Genson-Hourani (President, Venus Group, the Philippines) approached the issue from the views of an experienced business owner. She briefed on 8 unique selling proposition in marketing, which are: product, place, price, promotion, people, process, physical evidence and passion (8P). Ms Genson-Hourani also shared that there are a lot of problems that can weaken a potentially strong business opportunity,

for example, wrong set up of business, insufficient research of potential market, bad identification of gain areas, no strong to-be vision, not enough attention to adaptation, agree with over-conservative estimations, etc. In terms of marketing and sales material, she listed important factors such as catalogue, price list and terms sheet, company profile, business cards and hang tags. Ms Genson-Hourani concluded her presentation by emphasizing 3 Ps in social responsibilities: people, planet and profit.

Associate Professor Dr. Sitanon Jesdapipat started his presentation by introducing different elements in managing a supply chain. Those are: raw material supplier, supplier, connection to wholesaler, retailer, and customer. He gave an interesting example in the field of health food industry. On that basis, he noted several implications: (i) concerned government agencies must re-evaluate their roles in regulating, overseeing claims and facilitating cross-border trade rules, and (ii) collective action by individuals, entities as private sectors, organizations or institutions and the society is imperative.

5/ During Session 5 on “Export Transaction”, **Professor Dr Gail Pearson (University of Sydney, Australia)** made a comprehensive presentation on trade in services versus export transaction. First of all, she raised useful questions that businesses should foresee before export services. Then, Professor Pearson stressed main issues for export transaction, including legality, permission to provide the service, legal obligations in providing the service, the contract, risk mitigation, access to credit, payment and customer/consumer complaints. Professor Pearson concluded her presentation by introducing several key elements of payment. Those are: international methods of payment, payment in advance, open account, bank payment obligation, Escrow services, link between performance of the contract and payment of the price, letter of credit, and standby letter of credit or performance guarantee.

6/ During Session 6 on “Best Practices in Expanding Services Export Internationally in APEC Member Economies”, speakers shared information and experience in exporting their services internationally, including difficulties in market access, market research etc.

Dr. Yoosook Kim (Vice President, Korean Women Entrepreneurs Association, Republic of Korea) divided her presentation into five parts: (i) Introduction, (ii) Status of women services enterprises in Korea, (iii) Best practices cases of Korean women’s services export, (iv) Blue-ocean areas for Korean women SMEs’ services exports, (v) conclusion. Dr Kim noted that women-owned enterprises outnumbered men peers in 3 categories of services: accommodation and restaurant, repair and other personal service, and education service. She summarized blue-ocean areas for Korean women SME’s service exports, such as online shopping mall, e-learning, medical tourism, entertainment and cultural content, franchise. According to Dr Kim, two important elements should be recognized during the export of services of women SMEs: (i) thorough market analysis to tap new markets, making best use of value chain and (ii) responding to emerging new global socio-economic paradigm.

Ms Rosalie Lopez-Fuentes (Executive Director, Hysan Foundation, Inc., the Philippines) stressed on the public-private partnerships in best practices in expanding services export internationally, namely government, international organizations, business support organizations and chambers. Another best practice is industrial cluster development strategy in a number of areas of bamboo, banana, coconut, dairy, gifts, decors and house ware etc. In addition, value chain mapping, international organizations collaboration and product development mentoring are other ways to help expand services export. Ms Lopez-Fuentes also introduced Philippine Export Development Plan 2012-2016, which included core strategies of market diversification, maximize benefits of Free Trade Agreements to Philippine exporters, product diversification, move up the value chain, and more inbound promotion. She summarized factors influencing export services: hard data and analysis from competitive reports and organizations with database, survey data with strong analysis and market pulse, identification of applicable marketing strategies, and monitoring and evaluation system.

The presentation of **Ms Yunastuti Daud (Indonesian Exporter Association Yogyakarta, Indonesia)** is outlined into five parts: (i) export mechanism in Indonesia, (ii) problem export in Indonesia, (iii) condition of SME in Indonesia, (iv) difficulty of market access, and (v) strategy for success export. Ms Daud highlighted 3 main export problems in Indonesia. Those are: regulation, access market and global market, quality. In her conclusion, Ms Daud suggested strategies for successful export for SME as followed: (i) learn from the first export, step by step into the complete exporter for the license and document, (ii) go to forwarder company or institution to get export document, pay the service, (iii) join and be active in business organization direct to international desk or related export, (iv) active and joining B&B meeting, (v) recruiting export staff who has skill in Internet and English, (vi) start from small quantity for the first export.

Professor Gail Pearson approached the issue from the perspectives of an academic scholar. She reconfirmed the importance of using all promotional material and communications to let the market/client know about the company/services. She also gave an example in the area of educational services. In addition, she suggested that SMEs need to make sure about their risk plan, as well as to advice customers on their potential risks. Last but not least, it is essential to plan for complaints and dispute resolution at the beginning.

Exercise

During exercise, Training Course participants were divided into 3 groups, taking responsibility to develop a business model of Adventurous Tours (a leading Viet Nam's company in tourism) to expand company's services to the market of Cambodia. This business model had to be presented and got approval of the Management Board before implementation.

Based on the information provided in Annex 1, each team had one hour to prepare for developing business model, and another 45 minutes to present such business model in plenary (each team has 10 minutes to present, and 5 minutes for Q&A). Each team was encouraged to designate one person to act as a lead during the exercise.

Participants were encouraged to conduct research on tourism services and related business plan, prior to attending the APEC training session and during breaks in order to familiarize themselves with the terms and scenario.

The objective of the exercise was to get agreement from the Management Board for the implementation of the business model.

The 45 minute presentation took place enthusiastically with representatives of 3 groups to present their business models. The exercise was evaluated to be useful and helped to learn easier way on analysing business of SMEs and micro enterprises using the business model canvas. Furthermore, participants showed their intentions to apply the business model canvas and its nine points in their businesses.

IV/ Conclusion and Recommendations

1/ Training Course's speakers, moderators and participants shared their achievements after attending the Training Course, including but not limited to: *(i) knowledge on service sector, process of service export, business model, innovation and innovation in service sector; (ii) how to plan a business model canvas; (iii) awareness on new types of service exporting and requirements, regulations and laws for exporting services; (iv) the necessity to draw up specific policies, strategies and supports for women SME service exporters; (v) learning from best practices of other economies; (vi) legal implications of exporting services; (vii) global value chains; (viii) development of project/business proposal.*

Participants also said that the Training Course had provided a great networking opportunity among participants to learn theory and share experiences

2/ The Training Course's participants also shared their intentions to apply the project's content and knowledge they gained from the Training Course in future work. For example, they intended to: *(i) spread knowledge of the Training Course to students through personal webpage, (ii) advice women who have ideas to establish service export companies, (iii) suggest policy makers in their home economies with regards to promoting service SMEs and policies to support them, (iv) share the knowledge/train local SMEs, (v) apply the business model canvas to local micro enterprises, (vi) develop strategies/work plans relating to women empowerment, (vii) develop tools and strategies to export their businesses, (viii) develop a work plan to provide SME support in line with the content of the Training Course, (ix) set up meetings with relevant agencies to seek for further work/ designation of plans/ strategies for women empowerment in each industry, (x) interact with the Government and women entrepreneurs to see how Government can support women entrepreneurs etc.*

3/ The Training Course concluded with a discussion of possible future activities to continue this project. Participants would like to see the continuity of this activity and reaffirmed that APEC should keep holding such open forum that bring together all women service exporters to discuss and solve their theoretical and practical problems, which will help to strengthen women SMEs in APEC. In future events, APEC's organizers should think of holding an accompanied exhibition to promote trade in goods and services from women SMEs.

4/ Follow-up activities should consider the following topics:

- Formulating public policies to support export of women SME service providers;
- Create a Joint APEC-OECD Capacity Building Center for Women Entrepreneurship and SMEs;
- Sharing women empowerment strategies;
- Sharing best practices of women SMEs in manufacturing sector;
- Experiences on collaborating women business support organizations in APEC member economies;
- Networking to find clients and learn from good practices;
- Business match-making for women SMEs.

5/ Follow-up Training Course(s) should consider the following topics:

- Business culture, consumer behavior;
- Financing and management;
- Narrow down the services to focus on women exporters in tourism, retail, leisure and communication (majority of women services providers);
- Bring successful SMEs from different economies to share experiences;
- Franchise.

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