

“BEST PRACTICES ON DEVELOPING SMEs ~ MALAYSIA’S EXPERIENCE”

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Pioneering Business Transformation

Background of **SME Corporation Malaysia**



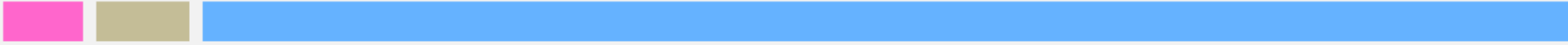
*SME Corp. Malaysia's
Corporate Headquarters,
Kuala Lumpur*

2 May 1996

- **Established as Small and Medium Industries Development Corporation (SMIDEC)**
- **Provide loans & grants for capacity building, start-ups, expansion, branding, certification, etc.**
- **Promote development via linkages, provide skills training**
- **Implement programmes**

2 October 2009

- **Transformed as SME Corporation Malaysia with expanded functions**
- **Central Coordinating Agency**
- **Central point of reference - One Referral Centre (ORC)**
- **Secretariat to National SME Development Council (NSDC)**

A horizontal bar with three colored segments: pink, olive green, and light blue.

Vision | The PREMIER organisation for the development of progressive SMEs to enhance wealth creation and social well-being of the nation

Mission |

Promote the development of competitive, innovative and resilient SMEs through effective coordination and provision of business support

SME Development Programmes ~ 2012

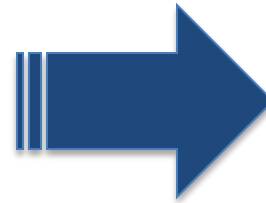
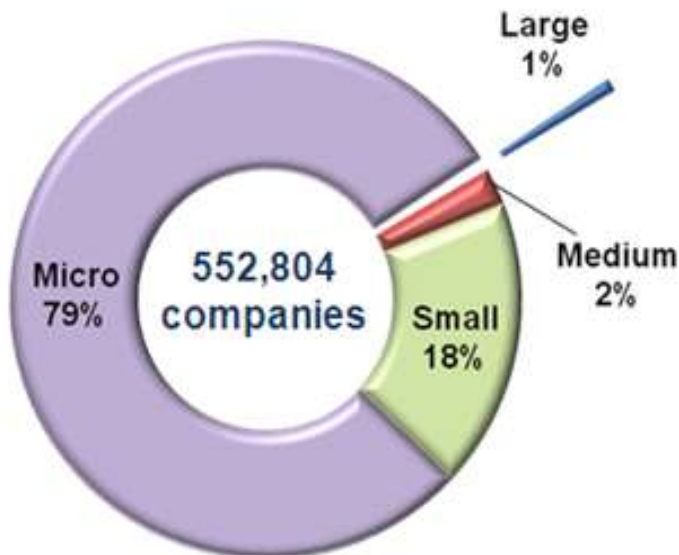
FOCUS AREAS	NO. OF PROGRAMMES	FINANCIAL ALLOCATION (USD MIL)
Access to financing	42	3,970.9
Human capital development	32	78.8
Market access	31	56.5
Technology & innovation	28	777.7
Infrastructure	11	36.0
TOTAL	144	4,919.9

Profile of SMEs in Malaysia



Definition of SMEs:

	Manufacturing & MRSs	Services, Agri. & ICT
Annual Sales	< RM25 mil	< RM5 mil
OR		
Full-time employees	<150	< 50



Total Establishments



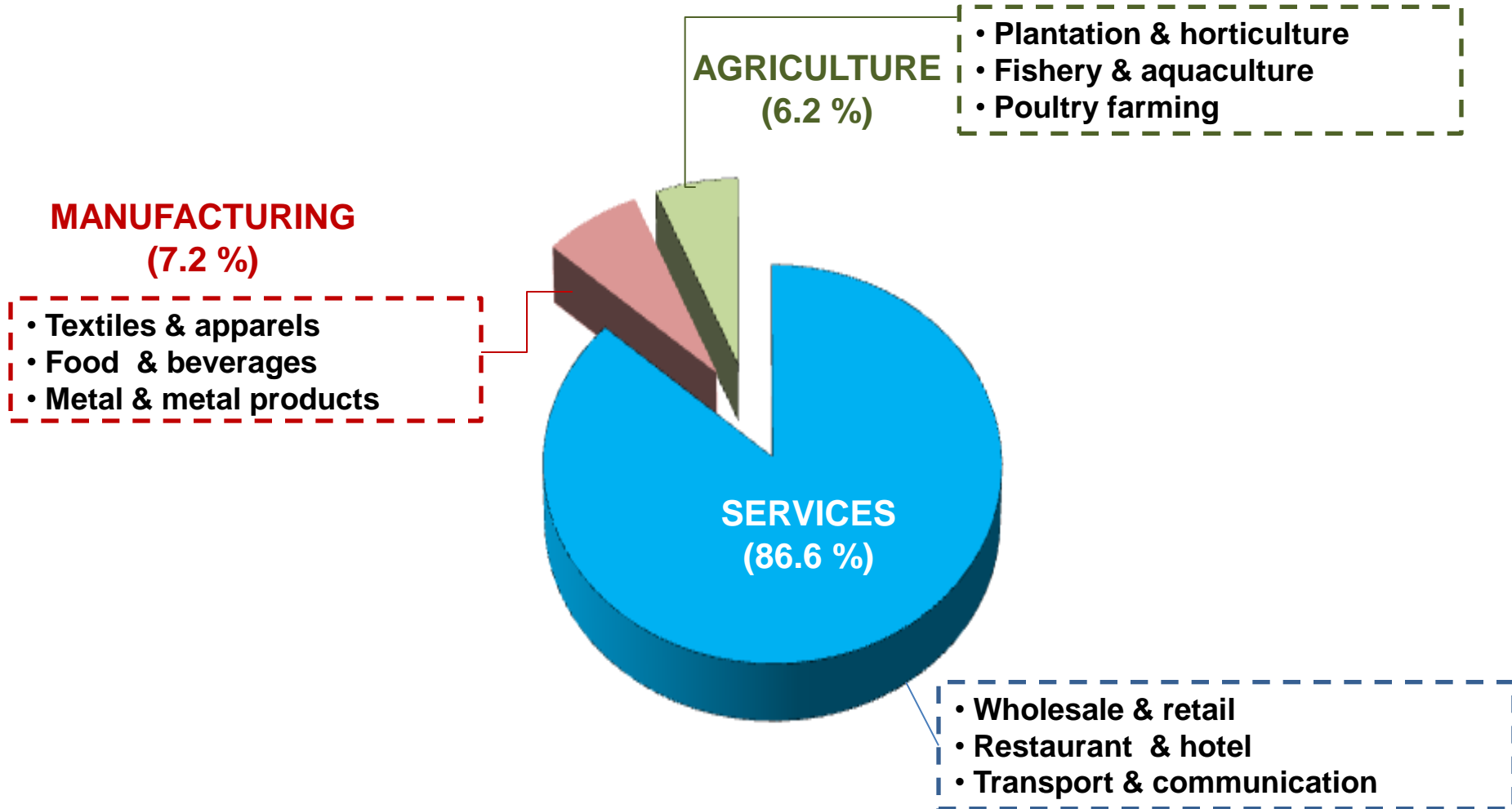
GDP



Employment



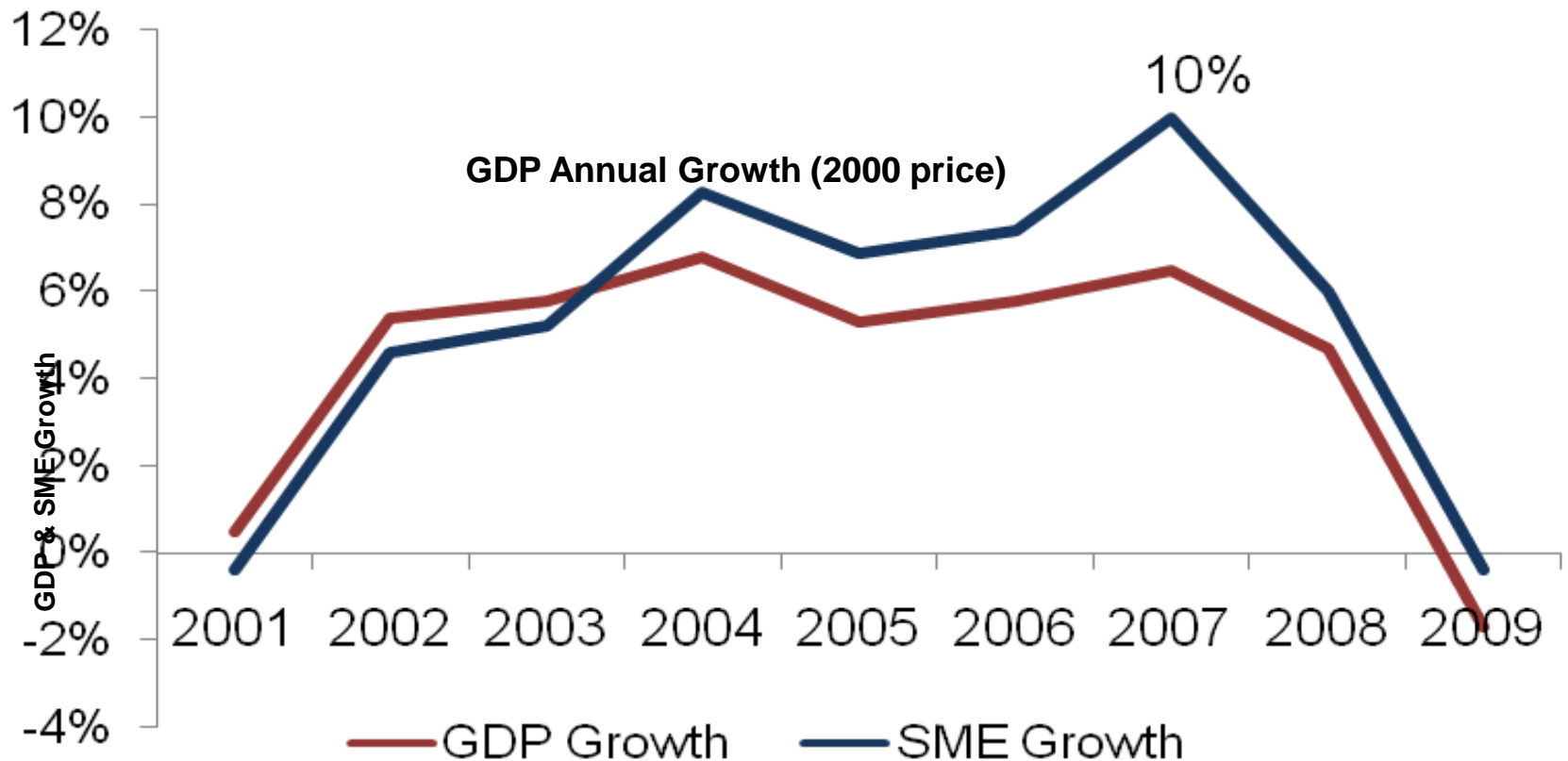
Exports



Source: Census of Establishments & Enterprises 2005

SMEs ~ OUTPACED OVERALL ECONOMY

SME growth outperformed overall economy
(2005 – 2009)

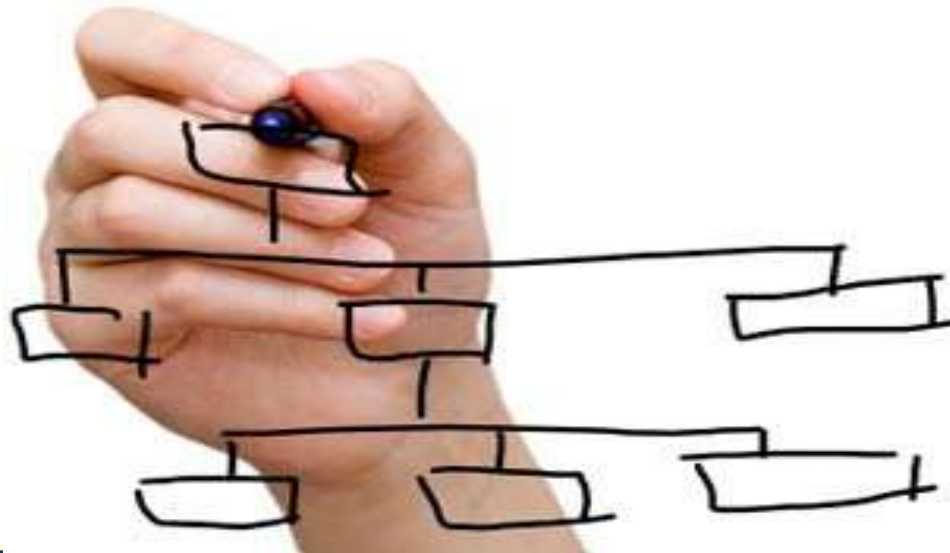


SMEs ~ THEIR MAJOR CHALLENGES

- Limited access to advisory services
- Limited marketing & promotion strategies
- Limited access to domestic & global markets
- Management & technology capability constraint
- Low value-add & lacking in competitiveness
- Inadequate training
- Limited capability in R&D & technology
- Difficulty in retaining manpower
- Difficulty in obtaining financing
- Lack of international certification for export
- Limited use of e-commerce & internet marketing



SME Masterplan (2012-2020)



Charting Future Direction ~ SME Masterplan

High-income
Nation

4 Goals & 6 Focus
Areas

Chart direction until
2020

6 High Impact Programmes



Year 2010

Year 2020

GDP

32%

41%

Employment

59%

62%

Exports

19%

25%



SME Masterplan ~ 4 Goals



To increase
**BUSINESS
FORMATION**



To raise **LABOUR
PRODUCTIVITY**



To expand no. of
**HIGH GROWTH
& INNOVATIVE
FIRMS**



To intensify
FORMALISATION

Constraints to Growth ~ need to be addressed simultaneously



Innovation & Technology

- Limited participation in national innovation system
- Low product commercialisation and R&D spending
- Poor technology uptake



Market Access

- Low bargaining power
- Information barrier for exports
- Limited focus on marketing & branding



Human Capital Development

- Workforce lacks job readiness
- Low utilisation of existing training
- Non-competitive rewards & benefits



Legal & Regulatory Framework

- Ease of obtaining licenses
- Bankruptcy law limits entrepreneurs
- SME taxation



Access to Financing

- Early stage financing
- Poor creditworthiness
- Lack of know-how and resources



Infrastructure & Security

- Low and infrequent trade volume
- Inefficient trade facilitation system

SME Masterplan ~ 6 High Impact Programmes

HIP 1:
Integration of registration
and licensing of business
establishments

HIP 2:
Technology
Commercialisation
Platform (TCP)

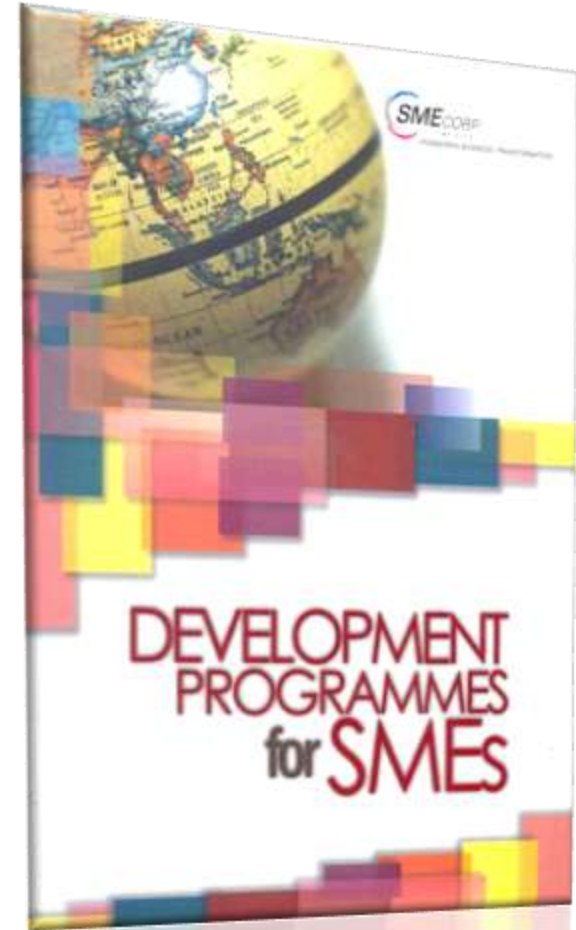
HIP 3:
SME Investment
Programme (SIP)

HIP 4:
Going Export
(GoEx)
Programme

HIP 5:
Catalyst
Programme

HIP 6:
Inclusive
Innovation

Development Programmes for SMEs



Focus Areas vs SME Development Programmes

Innovation & Technology

1-Innovation Certification for Enterprise Rating & Transformation Programme (1-InnoCERT)

Human Capital Development

Skills Upgrading & Entrepreneurship Programme

Access to Financing

Shari'ah-compliant SME Financing Scheme (SSFS)

Market Access

National Mark of Malaysian Brand

Infrastructure

Branding Innovation Centre (BIC)

What is SCORE?

- a comprehensive diagnostic tool to rate and enhance competitiveness of SMEs based on their performances and capabilities.
- developed in August 2007.

Function

- identify strengths and weaknesses for improvements; and
- facilitate linkages.

Parameter

- Business Performance
- Financial Capability
- Management Capability
- Production Capability
- Technical capability
- Quality System
- Innovation

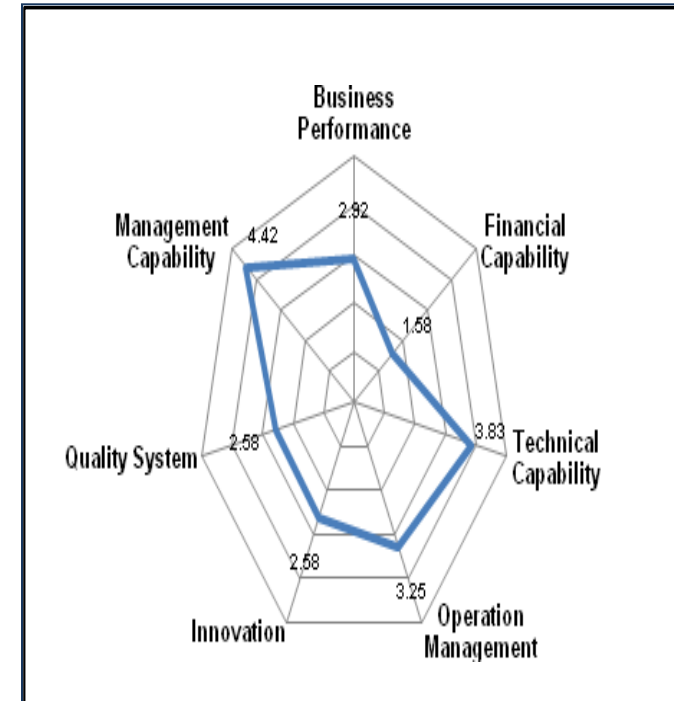
Characteristics

- 0 – 2 Stars : Very basic business operation
- 3 – 5 Stars : Some degree of sophistication and can be groomed for export

Implementation Channel (Existing Collaborators)

- Retail & Distributive Trade (PUNB)
- Construction (CIDB)
- ICT (MDeC)
- Maintenance, Repair & Overhaul (MINDEF)
- Professional Services (PSDC)

Example of Radar Diagram for 3-Star company



Analysis:

Weak in financial capability

Assistance:

Requires training in financial management & improvement in quality management

What is M-CORE?

- a comprehensive diagnostic tool to enhance competitiveness of Micro Enterprises
- developed in Feb 2010

Functions

- identifies strengths and weaknesses for improvements;

Parameters

- Business Capabilities;
- Financial Capabilities;
- Operations; and
- Management.

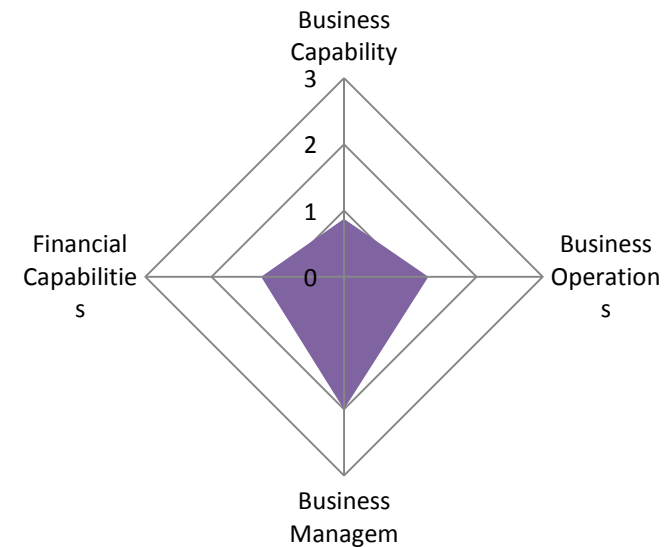
Characteristics

- Level 1 : Basic business operations
- Level 2 : At average and has a potential
- Level 3 : Complete the criteria

Proposed Implementation Channel

- | | |
|-----------|-----------|
| •TEKUN | •BSN |
| •AGROBANK | •AIM |
| •SME BANK | •ICU, JPM |

Example of Radar Diagram for Level 2 Micro Enterprise



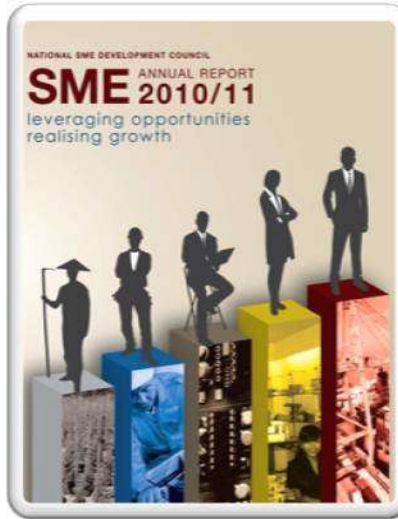
Analysis:

Need to improve on business capability, including quality management

Assistance:

To identify relevant training programmes & quality management system for entrepreneur

Pusat Rujukan Setempat
(BAS)



Talian Info
1-300-30-6000



THANK YOU

SMS untuk info PKS &
Maklumat Lain
Hantar ke 15888



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