

Enhancing Capacity and Capability

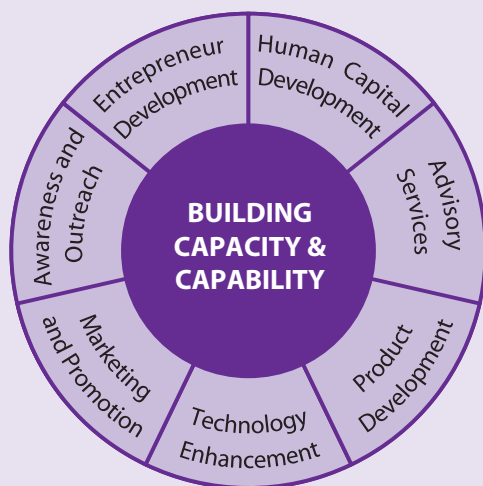
CHAPTER 5

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SMEs have the potential to make a substantial contribution to the economy. In order to achieve this, enterprises need to be prepared to embrace efforts to meet global standards, as well as compete and penetrate new markets.

Helping SMEs meet rapidly evolving global market needs, remains a Government priority. Strengthening capacity and capabilities was identified as a strategic thrust by the National SME Development Council in efforts to develop SMEs. Capacity building programmes have targeted seven broad areas, namely marketing and promotion, training and human resource development, advisory services, entrepreneur development, technology and product development, and awareness and outreach.



A greater push was given in 2006 to implement capacity building strategies across the board, with additional focus on promoting market awareness, enhancing export readiness and encouraging consolidated marketing efforts amongst SMEs. Ministries and Agencies have intensified marketing collaboration efforts and Information and Communications Technology (ICT) based marketing strategies in order to promote SME products and services in targeted markets.

In 2006, a total of RM171 million was spent on the implementation of 121 programmes towards building capacity and capability of SMEs. Outreach of the programmes extended to over 250,000 SMEs. The focus of capacity building programmes was on entrepreneur development, human capital development, as well as marketing and promotion of SMEs and their products.

Major programmes that were implemented include the publication of the inaugural SME Annual Report 2005, SMIDEX 2006 and ASEAN + 3 SME Convention, the Hypermarket Promotion Programme, and implementation and monitoring of the Entrepreneurship Module at technical schools.

Key outcomes for programmes implemented to build capacity and capability of SMEs in 2006 include a total of 86,651 SMEs and entrepreneurs benefiting from seminars, workshops, courses and training programmes on technical and management skills; a total of 42,144 entrepreneurs including Bumiputera entrepreneurs, women entrepreneurs, students and graduates receiving entrepreneurship development training and assistance and advisory services extended to about 34,000 SMEs and entrepreneurs.

In 2007, 135 programmes will be implemented to build capacity and capability of SMEs, with a total financial commitment of RM945 million. Highlights of key expected outcomes include the provision of entrepreneur development in terms of training to about 2,000 entrepreneurs, including 200 technopreneurs, the organisation of 10 international conferences, 15 mentoring programmes and 20 workshops and training 200 entrepreneurs in financial management skills through the Accounting Training Programme by the Ministry of Agriculture and Agro-based Industries (MOA).

1. Entrepreneur Development - Nurturing the Spirit

Entrepreneurs are defined as people who take risks, sense opportunities and above all innovate. A vibrant entrepreneurial sector is essential if small companies are to develop. To further nurture this budding sector of society, initiatives were implemented to provide capacity building and entrepreneur development programmes designed to educate potential entrepreneurs and facilitate their entry into the business arena.

Building Firm Foundations from Young

Countries around the world are looking to their school systems as a means to inculcate a sense of the entrepreneurial spirit from a young age. In 2006, the Ministry of Education (MOE) launched a text book to introduce students from Standard Four onwards to technology and basic entrepreneurship skills as part of their Living Skills studies. Efforts at secondary school level are targeted at fostering positive business attitudes as well as developing a knowledge base in business skills vital to the building of sound enterprises.

The survey conducted by the Ministry of Higher Education (MOHE) in 2005, showed that only 2.8% of a total of 22,016 working graduates polled, were self employed. Similarly, only 1.4% of respondents from the pool of 11,313 diploma holders were self employed. In an attempt to give entrepreneurship a boost at tertiary level, there is a growing number of courses available at universities, polytechnics and community colleges nationwide which aim to inculcate good business theory and entrepreneurial values in students to develop knowledgeable and technologically capable entrepreneurs.

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Dedicated entrepreneurship programmes and courses are available at most universities, amongst them are:

- Universiti Teknologi MARA (UiTM) which established the Malaysian Entrepreneurship Development Centre (MEDEC) in 1975 to facilitate the growth of Bumiputera entrepreneurs. MEDEC aims to create and develop knowledgeable, enterprising and effective entrepreneurs, and to assist them in developing viable business enterprises that are capable of competing in the global business arena;
- Universiti Utara Malaysia which established the Entrepreneurship Development Institute (EDI) in 1990. EDI provides entrepreneurship and business training programmes via workshops, seminars, and other entrepreneurship and business activities; and
- Universiti Malaysia Kelantan which has made entrepreneurship a core offering with programmes devised to create lecturers, students and researchers who are highly knowledgeable in the business sphere.

National Institute for Entrepreneurship (INSKEN)



Launched on 22 May 2006, under the auspices of the Ministry of Entrepreneur and Cooperative Development, the primary focus of INSKEN is to enhance and strengthen expertise of potential local entrepreneurs through the implementation of training programmes. Serving as the national entrepreneurship reference centre, INSKEN has come up with four clear objectives and matching programmes to promote the spirit of entrepreneurship. The four objectives and the key programmes implemented are:



i. Promotion of Entrepreneurship Culture

- **Young Entrepreneur Programme**

Aimed at providing exposure to secondary school students with hands on experience in various business disciplines such as the establishing, operating and dissolving of a company. This programme will be expanded to include primary schools, under the Entrepreneur Apprentice Programme in 2007;

- **Graduate Entrepreneurship Programme**

Targeted at university students, programmes available are to introduce the idea of entrepreneurship as a career option after graduation. With the participation of 18 public higher learning institutions, activities in 2006 included the Graduate Entrepreneur Development Programme, Graduate Entrepreneurial Training, the Basic Graduate Entrepreneurial Course and Student in Free Enterprise (SIFE);

- **Introduction Training Programme**

The programme aims to provide introductory knowledge on business foundation, business management skills and information on financing; and

- **Enhancement Training Programme**

To aid existing entrepreneurs in becoming more competitive, this programme introduces them on methods of improving performance and problem solving.



ii. Providing Assistance and Support Services

- The National Entrepreneurship Assistance Centre, provides facilities such as internet access, books and pamphlets as well as acting as a meeting place; and
- The Entrepreneurship Reference Resource Centre, acts as a specific reference centre where information and knowledge relating to all aspects of entrepreneurship can be channeled to the public.

In 2006, INSKEN conducted 823 courses under its various programmes, which saw an outreach to over 40,648 SMEs

iii. Creating Business Opportunities

- Opportunities include hands-on training programmes with financial assistance provided as well as tie-ups with Business Associations, Industrial and Trade Associations, Non Governmental Organisations (NGO) and corporate figures to create the link between entrepreneur and potential entrepreneur; and
- The Women Entrepreneurship Programme has also been introduced to promote women in the field of business.

iv. Entrepreneur Competency Development

- **Research and development**
Research and development is to be conducted in order to detect and evaluate the impact of existing programmes as well as identify new ones; and
- **Curriculum development**
An integrated entrepreneurship training curriculum will continue to be developed and will be implemented in all the agencies that conduct training for entrepreneurs.

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In 2007, INSKEN will continue to implement programmes to nurture entrepreneurial spirit and to continue to upgrade the quality of assistance and support services to entrepreneurs and potential entrepreneurs.



Assistance for Bumiputera Entrepreneurs

The Ministry of Entrepreneur and Cooperative Development (MECD), has been the main motivator for entrepreneurial success across all sectors by helping Bumiputeras entering business, address the many aspects required to build successful businesses. Specific programmes designed to achieve this aim include the Vendor Development Programme (VDP) which supports Bumiputera SMEs who provide products and services to meet the outsourcing needs of Government Linked Companies (GLCs) and Multinational Corporations (MNCs), and the Groom Big Programme which offers specific to needs assistance which can include the provision of funding, product expansion and international networking opportunities to selected Bumiputera businesses.

A total of 497 vendor companies were appointed in 2006 to participate in VDP and Groom Big, for both start-ups and existing vendors, aiming to manufacture and supply components and services to large national and multi-national companies. The SMEs were developed in sectors ranging from wooden furniture to automotive and electrical and electronic and energy. The year saw 96 anchor companies participating in assisting Bumiputera SMEs to increase sales and market, and also to supply products to MNCs and GLCs.

Efforts to promote entrepreneurship through franchising are gaining momentum. Franchisee and franchisor development programmes saw over 1,400 would-be and existing SMEs undergo training in workshops, seminars courses and matching programmes, held both in Dubai and at the Franchise International Malaysian Expo in Kuala Lumpur, to help the systematic growth of Bumiputera franchises.

(Please refer to Chapter 8 for more details on franchising)

Technopreneur Development

With ongoing emphasis on catalysing the growth of knowledge-based (K-based) SMEs that will contribute to economic growth, the Multimedia Development Corporation (MDeC) has taken a lead role in developing and nurturing local K-based enterprises through its Technopreneur Development Division (TeDD). TeDD initiatives are geared towards the development of technopreneurs, with programmes encompassing three major aspects in a K-based SME's growth - building their business propositions, developing their products and services as well as developing technopreneurial soft skills.

MDeC's TeDD also runs the Bumiputera ICT Technopreneur Development Programme (BITE), which by creating partnerships and through business development, works steadily to increase Bumiputera participation in the ICT sector and promote technopreneurship as a career choice. Selected technopreneurs and their companies will go on to be assigned a dedicated business mentor to guide and nurture growth. A total of 24 technopreneurs have already graduated and registered their own business establishments.

With the introduction of the Biotechnology Commercialisation Grant in 2007, the Ministry of Science and Technology (MOSTI) will make working capital available to bridge gaps between existing and private sector funding. It aims to attract and provide incentives for researchers and companies to develop the industry and help bio-entrepreneurs commercialise viable products and services. With a target of matching funds for 15 research and development (R&D) companies or projects, 20 international business development matching funds and seed capital for up to 24 companies, this RM100 million grant will provide the development of the biotechnology sector a shot in the arm.

Likewise, the Ministry of Finance in conjunction with the Japan Bank for International Cooperation (JBIC) United Loan has allocated RM1.6 billion for the ICT Fund. The fund aims to provide financing solutions as well as nurture and support 40 new companies in the ICT and high-growth sectors in 2007.

Agro Entrepreneurs

The Ministry of Agriculture and Agro-based Industries (MOA) and its Agencies provide a spectrum of courses under agriculture entrepreneur development, which saw 14,838 entrepreneurs trained in 2006. Meanwhile, the Agro-based Industry Development Programme designed to increase productivity, efficiency, export volume and net income of existing SMEs in primary agriculture and agro-based industries saw the creation of 5,319 entrepreneurs over the course of 2006 and an one-fold increase in monthly incomes of participating entrepreneurs to RM2,000 in a year.



Focus on Women

In May 2006 the Small and Medium Industries Development Corporation's (SMIDEC) inaugural Malaysian Technical Cooperation Training Programme for Women Entrepreneurs among the Organisation of the Islamic Conference (OIC) member countries was held in Kuala Lumpur. Women entrepreneurs from Malaysia, Bangladesh, Syria, Pakistan, Sudan, Morocco and Turkey participated in this training programme which comprised courses on the outlook of the global economy, entrepreneurship, financial planning and management, adoption of technology and marketing skills. Participants were also invited to the business matching session at the SMIDEX 2006 which was held during the same week.

The National Convention for Women Entrepreneurs was organised by the Ministry of International Trade and Industry (MITI), in June 2006. A total of 771 participants from various Ministries, Agencies, women's associations, financial institutions as well as women entrepreneurs and university students attended the event. The focus of the Convention was on sharing practical experiences, the introduction of new business opportunities and to provide a networking platform for women entrepreneurs.

Special focus was also given by MECD to programmes for women entrepreneurs. INSKEN, in conjunction with women's groups such as Usahanita and the Federation of Women Entrepreneurs Association Malaysia (FEM) conducted 41 programmes for 4,648 participants in 2006.

2. Human Capital Development - Enhancing Skills

The development of any business depends wholly on the human capital behind it. As such, a major focus of capacity building programmes is to enhance the skills and quality of personnel in SMEs, by establishing training programmes. While some of the training courses offer general business skills and management training, the majority are specifically designed to upgrade human resource skills needed in certain industries. The National SME Development Council has mandated Pembangunan Sumber Malaysia Bhd. (PSMB), an agency under the Ministry of Human Resources (MOHR), to co-ordinate and oversee training and human resource development for SMEs. PSMB also administers the Government's Human Resources Development Fund.

Setting Benchmarks

Under PSMB, training needs are analysed and programmes are kept in line with SME requirements from the most basic to the more technically advanced. An SME Training Accreditation System was introduced into the Myskill Card in 2006 in order for SME employers to keep a record of employee training.

Furthermore, six training committees were established by PSMB in 2006 to identify SME training needs and ensure courses met specific and targeted requirements. On the ground, up to 250 government officers who disseminate information to SMEs in training programmes themselves, underwent Train-the-Trainer and "Evaluation of Training Effectiveness" sessions to increase the expertise pool.

To facilitate SME access to information on training as well as to allow them to register for training courses, PSMB launched the Human Resources Development Portal (HRD Portal). The web-based training portal acts as an online training resource centre for employers, employees and training providers. Entrusted with providing training opportunities to as wide an audience as possible, PSMB created the portal to provide up-to-date information on available courses, seminars, conferences and events on human resource training. The portal also provides information on course outlines, schedules and fees and allows SME employers to register staff for courses. The portal also encourages SME employers to retrain and upgrade the skills of their employees to increase competitiveness and productivity. The Portal co-ordinated and disseminated information on the training programmes offered by 29 Ministries and Agencies that are involved in capacity building for SMEs.

(For more information, please log onto www.hrdportal.com.my)



Upgrading and specialist skills training for the larger SMEs in particular remains a priority. A total of 215 training programmes benefiting 3,542 SMEs, were conducted by the National Productivity Corporation (NPC) in 2006, focusing on Quality Management Systems, Leadership and Management Development, Production Management, Process Improvement and Customer Excellence.

To further strengthen its efforts, the NPC has tied up with the regional Asian Productivity Organisation (APO). The APO with its aim of enhancing the productivity and competitiveness of SMEs located in its member countries, has established a Best Practice Network (BPN). The BPN generates, shares, and transfers knowledge on best practices for the use of National Productivity Organisations like the NPC. The network is designed to solve accessibility problems, enabling its members to learn from, adapt, and innovate on the best practices in other countries. The APO Best Practices Network developed a set of Key Performance Indicators (KPIs) for SMEs to generate, share and transfer knowledge on best practices that will assist organisations in enhancing productivity and competitiveness. The survey compared and integrated the performance of SMEs based on selected KPIs which included:

- Organisational Productivity;
- Manufacturing Productivity;
- Human Capital Performance;
- Business Performance; and
- Financial Performance.

In 2006, a total of 1,447 SME employees attended various skills development training programmes implemented by the 22 Skills Development Centres (SDCs) appointed by SMIDEC under the Skills Upgrading Programme. The variety of available courses from these appointed SDCs range from technical skills to soft skills in marketing and management in critical areas such as the electrical and electronics, information technology, industrial design and engineering fields. SDCs were also required to install a tracking mechanism to monitor the career progress of their trainees.

Under the auspices of MECD on-going Entrepreneur Training and Development Programmes were expanded to equip SMEs with new and improved management and business practices, methods in production, quality improvement, marketing and distribution to raise productivity, efficiency and profit levels. MECD introduced four new training curriculums in 2006 covering finance, marketing and business training. All four came under the purview of National Entrepreneur Development Curriculum Standards (NEDeCS) which ensures quality and standards are in keeping with those listed under the Malaysian Qualification Agency. Over 86,500 entrepreneurs and would-be entrepreneurs participated in the various seminars, courses and workshops on technical and management skills held in 2006.

The year 2006 also saw the establishment of the MECD's *Majlis Pembangunan Usahawan Daerah* (MPUD), a training council with a focus on regional entrepreneurs to ensure specific needs are catered to when training courses are designed.

Looking ahead to 2007, existing training programmes will be expanded and reinforced; in the field of marketing for example, new modules on offer will include negotiation skills, merchandising, pricing, brand building and consumer insights as well as relevant and requisite training in the areas of technology adoption and resource management. One such programme is the Ministry of Domestic Trade and Consumer Affairs' (MDTCA) Retail Training Programme. To be implemented for the first time in 2007, the programme will target 200 SMEs to create awareness and enhance knowledge on branding, labeling, packaging and intellectual property.

Another area of importance is financial book-keeping. SMEs need to be better equipped to understand their finances as well as the array of financing options available. In response, selected financial institutions offer basic finance training programmes for SMEs, which aims to enhance financial management capabilities so SMEs can manage their finances better. Likewise, new tailor-made training programmes like MOA's RM2 million *Program Latihan Perakaunan* will be run in collaboration with banks to offer 200 agro entrepreneurs advice on basic accounting methods.

3. Advisory Services - Getting the Message Across

Due to size constraints, SMEs can find themselves having limited resources for research and development, skills and technology upgrading, product marketing and promotional activities. In this regard, expert advice can go a long way in steering SMEs towards making business decisions with a positive long term impact. Government agencies offer a wide range of advisory services to help SMEs keep abreast of industry best practices and enhance their ability to meet business and financial commitments.

Expert advice can go a long way in steering SMEs towards making business decisions with a positive long term impact

In 2006, SMIDEC conducted 182 seminars and workshops in small towns and districts, where entrepreneurs received face to face advice on issues ranging from Government policies and relevant SME programmes, to how to access financial assistance.

Over the course of 2006, MECD's Business Advisory Team conducted 60 courses benefiting 2,195 entrepreneurs under the Improvement Training Programme which focuses on enhancing knowledge and skills in business management, including performance improvement and problem solving for existing entrepreneurs.

Comprehensive SME Financial Advisory Services by Bank Negara Malaysia

A good starting point for financial sector related enquiries and complaints is the Bank Negara Malaysia *Laman Informasi Nasihat dan Khidmat* (BNM LINK), the central bank's point of contact between the Bank and members of the public, including SMEs. In 2006, there were 4,186 enquiries from SMEs seeking assistance from the Bank (2005: 4,037). Of these, 77% were enquiries on special funds provided by the Government and advice on loan matters and the remainder 23% were requests for assistance, mainly for loan restructuring and rejections.



In addition, Bank Negara Malaysia offers assistance to SMEs looking to restructure their non-performing loans through the Small Debt Resolution Scheme (SDRS).

To obtain assistance under SDRS, applicants need to fill in an SDRS application form available from:

- Participating financial institutions and ERF Sdn Bhd; or
- The SDRS Secretariat at the Development Finance and Enterprise Department (DFE), Bank Negara Malaysia or the Bank Negara Malaysia website at www.bnm.gov.my or www.smeinfo.com.my.

The completed application form together with all required documents should be submitted directly to the participating financial institutions where the non-performing loans (NPL) accounts are maintained, ERF Sdn Bhd or the SDRC Secretariat.

SMEs can also contact the SME Financial Advisory Unit at the Bank, which assists SMEs by providing information on the various sources of financing available, facilitating the loan application process, addressing difficulties faced by SMEs in securing loans from financial institutions, and providing advisory services.

Establishment of the SME Business Adviser Network (SME-NET)

A new online tool for SME Advisers, SME-NET is a one-stop web-based directory in the SMEinfo Portal. It contains the profiles and contact details of SME business advisers in the various Government agencies, commercial banks and development financial institutions.

Through the SME-Net, these SME business advisers will be connected and thus aware of the various expertise available in other agencies and financial institutions, which can be utilised to offer comprehensive business advisory services to the SMEs.

As a result, SMEs can expect to benefit from a speedier delivery of quality advisory services in areas ranging from marketing, technology to product and business development.

SME Bank's SME Information and Advisory Centre

Launched in December 2006, SME Bank's SME Advisory Centre (SAC) works in tandem with other Agencies that register with the centre to offer support and advisory services to SMEs. Services are offered to SMEs in all phases of the business cycle from providing market information and research findings to guiding them on how to market products and introducing them to partners or manufacturers.



In addition, all commercial banks have established SME Units to provide dedicated services to SMEs.

(For more information on Financial Advisory Services for SMEs, please refer to Chapter 7)

SME Expert Advisory Panel

The SME Expert Advisory Panel (SEAP) provides SMEs with accessibility to technical assistance and advisory services. The Panel organises on-site assistance for SMEs by industry experts. Experts conduct free preliminary consultancy services and prepare a report for SMIDEC under a Grant Scheme. 41 industry experts were registered under the SEAP programme, and as at end 2006, a total of 34 SMEs had benefited from their participation in this programme. The areas of improvement undertaken by these SMEs include technology improvement, conformance with international standards such as Hazard Analysis and Critical Control Point (HACCP) and Good Manufacturing Practice (GMP), productivity improvement, process improvement and ICT.

Other Advisory Services

On-site “clinics” with a panel of experts ready to guide SMEs in a wide range of areas, are increasingly available at SME conferences and trade fairs. These clinics and SME advisory services provide invaluable guidance on steering through the sometime difficult waters of getting a business started right though to cross border trading.

Ministries and Agencies too have expert panels to provide relevant expert advice to SMEs:



- MOSTI provides technical advisory services pertaining to standards and certification, in view of helping SMEs meet international requirements under the Technopreneur Management Support Scheme;
- MDeC provides comprehensive advisory services through the Technopreneur Development Ecosystem, bringing together critical components to assist K-based technopreneurs at all stages of their development;
- The Ministry of Rural and Regional Development (MRRD) advisory services focus on equipping rural micro entrepreneurs with the skills they need to boost their standards of living;
- The Ministry of Plantation Industries and Commodities (MPIC) grants access to technical advisory services and best practices for businesses involved in timber, palm oil, rubber, cocoa, pepper and tobacco;
- MOA provides advisory and technology consultancy services on a wide range of agricultural fields with a special focus on improving productivity and competitiveness in agribusinesses like horticulture, livestock, aquaculture and fisheries; and
- MECD provides services to Bumiputera entrepreneurs across all sectors with support covering aspects of financial as well as technical assistance via a calendar of clinics, courses and seminars organised annually. The Portal Usahawan (please log onto www.mecd.gov.my) serves as a good reference point for SMEs.

The full list of SME Advisory Services provided by Ministries and Agencies is available on the SMEinfo Portal.

(For more information please log onto www.smeinfo.com.my)

4. Product Development - Moving Up the Value Chain

Creating and developing innovative products, processes and technologies are cited as key SME targets, if they are to keep pace with global demand for high quality price competitive products and services. Investing in research and development however, can be a long and expensive process. Large financial investment, risk of failure and the significant amount of time needed to translate ideas into marketable products are just some of the challenges. In support, financial assistance as well as non-financial support in the form of R&D is available for SMEs to undertake product and process improvement.

Product and Process Improvement

In collaboration with State Governments, SMIDEC runs the Enhancement Programme. Participants are assisted in the areas of product and process improvement, quality improvement and certification, and designing and improving product packaging and labeling. These SMEs are also provided with an integrated assistance package comprising existing grants and financial assistance available through SMIDEC as well as assistance from other Government Ministries and Agencies.

The Enhancement Programme was implemented in 2006 with the support of the Yayasan Pembangunan Usahawan (YPU) Terengganu, the Penang Regional Development Authority (PERDA) and Pusat Khidmat Perusahaan Kecil dan Sederhana (PKPKS) Melaka in the respective states. Of the 94 SMEs identified from the food based, textile (specifically batik and songket), wood based and petro-chemical sub-sectors, 38 applications have been received of which 13 were approved and will receive assistance amounting to RM1.4 million.

Over the course of the 33 workshops held by SMIDEC in 2006 to create SME awareness of the importance of upgrading their operations and processes, SMEs were encouraged to apply for the Matching Grant for Products and Process Improvement. The grant made RM6.3 million available to 45 SMEs in 2006 to undertake activities in improving and upgrading existing products, product design and processes.

In a survey conducted by SMIDEC in 2006, participants in SMIDEC's programmes experienced substantive improvements in production and processes, operating costs and market development. 50% of respondents indicated a 41 - 80% improvement in production processes and 6% achieving 81 - 100% improvement. For new product development, 38% reported an improvement level of up to 20%, and 10% attaining 81 - 100% improvement.

Creating and developing innovative products, processes and technologies are key for SMEs to keep pace with global demand for high quality price competitive products and services

MITI offers a Matching Grant for the Development and Promotion of Halal Products, which helps provide assistance for SMEs to undertake development and formulation of products, sample testing, acquisition of machinery, requisite renovation and expenses to comply to Halal certification as well as promotional activities. This is one of the efforts towards developing Malaysia as a global Halal Hub by 2010. In 2006, a total of 63 applications were received for the grant and 54 projects were approved, costing RM3 million. The food and beverage sub-sector recorded the most approvals at 43, followed by six in the pharmaceutical sub-sector and one for palm oil based products.

MOA will offer product development and attachment training to 45 entrepreneurs where technical advisory will be on offer from the Malaysian Agricultural Research and Development Institute (MARDI) and at the Chendering Fishery Training

Institute. Similarly the Ministry's Technical Advisory Committee targeted 200 livestock farmers with a budget of RM1.3 million to facilitate the transformation of project capacity and to increase efficiency.

MPIC will facilitate the development of agricultural industrial commodities like rubber, tobacco and palm oil through the transfer of new technologies to smallholders and on product diversification. Through grants for courses under MPIC's Entrepreneur Development Programme for example, entrepreneurs will be given the opportunity to gain exposure to mechanisation and more advanced food growing and rearing techniques. Beyond improving yield, other expected outcomes are an increase in downstream value added production.



A Commercialisation of Research and Technology Fund has also been set up to accelerate commercialisation of R&D results by local universities, companies and individual researchers or inventors and to facilitate technology roll-out especially for indigenous industries. Activities that can be undertaken include market survey and research, product or process design and development; standards and regulatory compliance and intellectual property protection as well as promotion of technology. A total of nine ICT SMEs were given approval by MOSTI in 2006 for the acquisition of technology with a financial commitment of RM 14.9 million.

5. Technology Enhancement - Increasing Productivity

Keeping up with technological advancement is vital if SMEs are to enhance efficiency and increase productivity. Although upgrading technological processes can mean an expensive upfront investment for SMEs, positive effects can include a reduction in production time, an improvement in production quality and an overall lowering of costs. Embracing technology is no longer an option but a necessity for SMEs if they are to remain competitive. However in the case of many SMEs, the lack of resources and know-how can hamper technology adoption.

Keeping up with technological advancement is vital if SMEs are to enhance efficiency and increase productivity

Support through funding is available. MOSTI administers the Technology Acquisition Fund to promote the acquisition of strategic and relevant technology to enhance production processes and increase the technology content of SMEs to enable them to compete globally. Eight companies were the recipients of RM8 million under the fund in 2006.

Utilisation of ICT in order to gain entry into the global and regional supply chain is actively encouraged as effective and timely responses to market requirements is crucial when participating in the MNC supply chain today. MITI provides a grant for Malaysian companies to adopt the RosettaNet Standard Implementation which serves as an interface for companies to communicate and conduct business electronically with their trading partners. In 2006, 14 SMEs were able to adopt the RosettaNet Standard.



Promoting R&D Linkages

Tie-ups between SMEs and universities, public research institutions and large technology corporations offering incubation services can be mutually beneficial to both parties. The second phase of the National Science and Technology Policy, includes in its objectives increasing R&D expenditure to at least 1.5% of GDP and achieving a competent work force of at least 60 researchers per 10,000 labour force by 2010. As part of this initiative, the Government has earmarked Universiti Malaya, Universiti Kebangsaan Malaysia, Universiti Putra Malaysia, Universiti Sains Malaysia to become fully fledged research universities.



The Industry Research and Development Grant Scheme (IGS) and Multimedia Super Corridor (MSC) Malaysia Research and Development Grant Scheme (MGS) administered by MOSTI aims to encourage industry to be more innovative in R&D, promote the commercialisation of R&D outputs, and encourage collaboration between the private sector, the public sector and local universities and research institutes.

Efforts to increase the number of tie-ups were stepped up in 2006. Over 60 entrepreneurs benefited from MOSTI's National Incubation Development Programme in 2006. As a result of the programme, SME manufacturers and producers were matched with R&D facilities and specialist consultants to help upgrade their product standards, improve and enhance product packaging, gain valuable advice on meeting technical and regulatory requirements like food safety standards and labeling details including nutritional content and analysis and input on product branding and promotion.

Incubation Centres

Technology Incubation initiatives have been designed to assist entrepreneurs in the development of new technology-based firms. By linking home-grown would-be innovators, with technology, capital and expertise, the aim is to leverage entrepreneurial talent in order to accelerate the development of new companies and the commercialisation of technology.

The general goals of most technology incubators are to develop firms and to stimulate entrepreneurship. Other goals include job creation, technology development, product development, research commercialisation, venture capital development, and business investment opportunities. Apart from providing common services, such as work space, shared office facilities and basic amenities, business assistance and advisory services to their tenant companies, each incubator specialises and provides differing technology focus and technical support services or financial packages.



SIRIM - Technology Incubation Programme

The country's premier industrial research and standards organization, SIRIM Bhd. (formerly known as Standard and Industrial Research Institute Malaysia), enhances the competitiveness of industries through its technology transfer, standardisation and quality programmes. Its technology centres, together with the Technology Incubation Centre and the SME Development and Quality Services Department are the key drivers of technology transfer to SMEs, offering research support, technology services, incubation facilities, total quality and standard based management services, productivity and quality improvement services.

SIRIM offers incubation facilities to start up SMEs in the manufacturing area through its eight incubation facilities in Selangor, Penang, Johor, Terengganu, Sarawak, Sabah, Malacca, Perak and Pahang.

Currently, SIRIM's Technology Incubation Centre (STIC) has two core focuses, namely technology commercialisation and technology incubation. Technology commercialisation is the process through which the research results are transferred to industry and technology incubation provides the avenue for technology transfer towards the development of technology based enterprises.



Through the incubation process, start-up companies are given the technical and management input to enable them to stand on their own and face the challenges and competition in the open market. The incubation infrastructure provides the necessary environment to encourage, stimulate and nurture the growth of technology based companies. The core business of the STIC is focused on services designed to enhance the development of technology, entrepreneurs and companies.

With an allocation of RM2.5 million from MECD, SIRIM identifies and then works closely with SMEs to:

- Upscale products using its R&D facilities;
- Provide packaging design;
- Implement best practice standards (HACCP); and
- Increase efficiency in the production line and supply chain with the ultimate goal of getting them export ready.



In 2006, 48 business incubatees were operating under the programme and in 2007, SIRIM targets to take on another 40 new technology incubatees.

MDeC - Technology Incubation Centres

MDeC, through the MSC Malaysia Technology Commercialisation Centre, provides office space, shared facilities, business advisory and support as well as other technopreneur development programs to early stage entrepreneurs. MDeC has established two technology laboratories, Java Technopreneur Development Centre (JTrend) in collaboration with Sun Microsystems and Multimedia University as well as .NET Technopreneur Development Centre (NTDC), in collaboration with Microsoft, Hewlett Packard and Multimedia University. These technology laboratories provide existing and potential technopreneurs with the opportunity to turn their ideas into viable software applications, products and services through training and high quality technical advisory. As at March 2007, 160 prototype projects have been developed at the technology laboratories.

SME Success Story

Careful Nurturing for Results

Puan Hajah Wan Hanisah Mohd Yusoff started off as the sole agent for an Indonesian beauty product. As the brand grew in popularity and with it her business, she began thinking about coming up with a beauty line of her own. Le Wangi de Wangi's beginnings were humble; a single product repertoire consisting of a perfume using Malaysian herbs and spices like *serai wangi*. The success of the perfume spurred Hajah Hanisah's foray into producing toiletries under the Le Wangi brand name. Armed with a grant from MTDC to buy machinery, she began producing shampoo and body wash on a small-scale from her home.

The MTDC grant also helped Hajah Hanisah approach SIRIM under whose guidance she leased a plant that met Good Manufacturing Practices criteria and was able to consult experts on the “a to z” of production, from sourcing the raw materials, to product R&D and testing and to branding and packaging. In time, the Aveana skincare range was born. Hajah Hanisah has already taken her beauty products on a few Malaysian External Trade Development Corporation (MATRADE) organised trade exhibitions overseas and has garnered enquiries from European buyers.



6. Marketing and Promotion - Attracting the Right Attention

SME marketing capabilities remain a weak point. Most SMEs may understand the need to properly market and promote their products and services but few have the appropriate insights into the process of how to go about achieving it. Fewer still have the funds to pursue a marketing campaign.

In response, there has been a move to enhance marketing support programmes with Government assistance extending to cover areas like direct promotional activities, brand and franchise development and linkages with large companies. With a more effective mechanism in place, the Government hopes that the SMEs' contribution to total exports will increase from the current estimate of about 19% of total exports.

Programmes like MITI's Industrial Linkage Programme (ILP) and Enhancement Programme, aimed at developing domestic SMEs into competitive manufacturers and suppliers to MNCs and large scale industries, provide assistance to those with the potential but who are lacking in certain areas, such as quality certification and processing efficiency. Similarly, MDeC's Local Market Expansion Programme links Bumiputera ICT companies with GLCs who can provide the financial and advisory support. As at December 2006, a total of 1,109 SMEs from various sectors were registered under the ILP, 48% of which were linked to MNCs and large companies generating total sales amounting to RM452.3 million. In addition, MDeC's Go-To-Market Development Programme under TeDD, assists ICT companies to develop their Go-To-Market Models with particular focus on market segmentation, product positioning, pricing strategies and channels development for eventual access to markets. The programme also assists ICT companies with identifying new local and global market opportunities that could lead to joint product development or localisation on a complementary and collaborative basis for local and global markets.

SMEs are encouraged to seek opportunities in expanding their market through exhibiting and showcasing their production capabilities. There is a calendar of dedicated events, run under the auspices of several Ministries and Agencies each year.

Trade Fairs and Trade Missions

Trade fairs and trade missions are invaluable tools for showcasing SME products and services to potential buyers and also serve as networking platforms. In order to participate, SMEs must ensure compliance with market requirements in terms of product quality, pricing and delivery schedules.

MATRADE organises and manages Malaysia's participation in international trade fairs overseas and provides assistance in handling space reservations, stand design and its construction, pre-event publicity and the scheduling of business meetings with foreign buyers.

(For the full list of events, please log onto www.matrade.gov.my)

Trade fairs and trade missions are invaluable tools for showcasing SME products and services to potential buyers and also serve as networking platforms



SMIDEX is an annual showcase organised by SMIDEC. It acts as an outsourcing exchange providing SMEs an opportunity to exhibit their products and demonstrate service capabilities to potential customers which include MNCs and larger enterprises thus allowing for linkages and networking opportunities. Exhibitors also have an opportunity to network with industry experts, obtain new technology insights and engage in exploratory pre-arranged business matching.

(For more information, please log onto www.smidec.gov.my)

SMIDEX 2006 attracted over 6,500 trade visitors, and provided the opportunity for 275 SMEs to set up booths to market their products and services. Sales amounting to RM19.2 million were generated following the 279 pre-arranged business matching sessions which brought together Malaysian SMEs and companies from Cambodia, Bangladesh, Morocco, Pakistan and Vietnam.



ASEAN + 3 SME Convention business exchange platform is an annual SMIDEC initiative which gathers participants from ASEAN, Japan, Republic of Korea and China, with the aim of providing a platform where SMEs share their experiences in technology and best practices through case study papers presented by high profile local and foreign experts. In 2006, 424 participants, 79 of whom were foreign, participated in the conference.

The Malaysia International Halal Showcase (MIHAS) organised by MATRADE has been held annually in Malaysia since 2004. The encouraging response is a testimony of the global community's interest in Shariah compliant products and services. Based on estimations by the Malaysian Government, the world's Halal industry is worth over RM7 trillion a year.



MIHAS 2006 held in May saw the realisation of RM20 million worth of contracts. The number of booths increased from 415 in 2005 to 505 in 2006, with over 70% promoting Halal food and related businesses. The number of visitors to MIHAS more than doubled from 12,431 in 2005 to 27,523 in 2006.

(For further details on MIHAS, please refer to Chapter 8)

The **Malaysian Agricultural Horticulture and AgroTourism (MAHA)** exhibition covers all agricultural aspects including state-of-the-art technologies and new agricultural methods. MAHA 2006 showcased 835 agricultural exhibitors from 11 countries and generated RM6 million of direct sales benefitting more than 500 SMEs. This international exhibition is held every two years at the Malaysia Agro-Exposition Park in Serdang, Selangor.



Trade Exhibitions such as the **Malaysia International Building Exposition (MALBEX)**, **Building materials and Equipment Exposition (BUILDEX)** and the **Malaysian International Furniture Fair (MIFF)** are conducted annually by MPIC as a forum for entrepreneurs in the construction and furniture industries to showcase products, services and expand business networks.

Entrepreneur Showcase (GERAK USAHAWAN) is an annual event organised by MECD to provide an opportunity for Bumiputera entrepreneurs to showcase their products and services to the domestic and international market.

In 2006, three expos were organised at state level in Perak, Penang and Sarawak and one at national level in Kuala Lumpur. In total, over 2,267 consultancy sessions were conducted and 15,939 business opportunities were realised.

Entrepreneur Products Exhibition Centre (GALERIA) is a one-stop centre located in Amcorp Mall, Petaling Jaya. GALERIA exhibits high quality SME products. The products showcased are reviewed twice a year by MECD.

Exposing rural micro-entrepreneurs to a wider audience, the **One District, One Industry Expo (SDSI)** is an annual national showcase organised as part of an effort to develop clusters of entrepreneurs to utilise raw materials, the workforce and expertise in a specific geographical district.

A total of 206 entrepreneurs from 13 states took part in 2006 and sales generated amounted to RM309,304. A further RM1 million of contracts were generated as a result of the 2006 event.

Modeled on the Thai One Tambun One Product (OTOP) programme, MECD has worked closely with Thai counterparts in a reciprocal programme which saw the participation of Malaysian micro-entrepreneurs in the OTOP International Exhibition in Bangkok and the participation of Thai SMEs in the Malaysian SDSI Expo. Nine SDSI entrepreneurs also took part in the Japanese equivalent, One Village One Product, in October 2006. The invitation to participate in the 2007 Expo will be extended to Indian SMEs.

In 2006, the Ministry of Rural and Regional Development (MRRD) funded the participation of rural product micro-entrepreneurs in Lembaga Kemajuan Wilayah Kedah (KEDA) and Lembaga Kemajuan Terengganu Tengah (KETENGAH) **Product Promotion and Marketing Programme Expos** held around the country.

Judging a Product by its Cover

Quality and pricing may be paramount in attracting the consumer's attention, but SMEs also have to differentiate their products in order to capture hard-fought-for attention in the competitive market place.

SMEs have to differentiate their products in order to capture hard-fought-for attention in the competitive market place



In the effort to increase marketability of SME products, SMIDEC introduced the Matching Grant for Enhancing Product Packaging. This scheme provides assistance so SMEs can acquire and improve product packaging, design and labeling, thus enabling companies to enhance product appearance and comply with market requirements. In 2006, a total of 142 applications were received and 86 approvals were granted valued at RM6.35 million. The significant increase in terms of application compared with 52 applications in 2005, has shown that SMEs are aware of the importance of good packaging if market acceptance levels are to be improved. In terms of sub-sectors, the food and beverage sub-sector recorded the highest number of approvals at 66, followed by nine for pharmaceuticals and six for manufacturing related services products.



Driving the Global Marketing of SME Products

The National SME Development Council (NSDC) approved a set of proposals to enhance the marketing infrastructure to support greater global market penetration of SME products and services through co-ordinated Government assistance programmes in the area of marketing.

To achieve this, a two-pronged approach was adopted, namely

- The establishment of an SME Marketing Committee in September 2006. An inter-Ministry committee chaired by MITI, its aim is to develop a comprehensive marketing strategy and implementation approach to effectively and efficiently market SME products and services overseas; and
- MATRADE is to co-ordinate the implementation of all international trade marketing programmes and activities.

(For more information on trade promotion and matching, please log onto www.matrade.gov.my)

This approach will enhance the synchronisation of Government initiatives in planning and implementing overseas marketing strategies while optimising the utilisation of resources and expertise. It will facilitate the development of export-ready SMEs and assist them to market their products internationally more effectively and efficiently.

Several programmes and initiatives aimed at upgrading SMEs to be export-ready and able to meet global demands, offer guidance and support from the product management, packaging and branding through to tying entrepreneurs up with potential buyers from around the world.



Getting Export Ready

MATRADE organises seminars and workshops to nurture and update exporters on trade developments and business opportunities in international markets.

i. Marketing Plan

As with all businesses, a marketing plan is a crucial investment at the outset. The following checklist should make up the framework of any would be export business's marketing plan:

- Local production figures;
- Export by destination & import by country of origin;
- Market size in terms of value and quantity;
- Profile of local major manufacturers;
- Distribution channel and mark-up at each of the distribution channels;
- Competitive situation among local products and imported brands;
- Evaluation of products by consumers, retailers, wholesalers and importers in terms of price, quality and design;
- Import systems and related rules including special certification and necessary documentation; and
- Local rules and regulations related to the marketing and labeling of the intended product for sale. Modification, testing and labeling guidelines vary from country to country.

Information on overseas markets is available from the following:

- MATRADE Business Library is open to the public and provides customs tariff schedules, company directories, trade statistics etc;
- Participate in overseas trade fairs and exhibitions or trade mission sponsored by MATRADE. The participants may have a chance to associate with people related to the business concerned;
- Visit trade promotional organizations or commercial sections of foreign embassies stationed in Malaysia; and
- Visit trade associations in Malaysia, or even target country if this is feasible.



ii. Finding Buyers

MATRADE provides several avenues for exporters to find buyers, namely:

- MATRADE's Export Facilitation & Services Promotion Division has an introduction service for foreign buyers to tie up with Malaysian exporters;
- MATRADE's data base of foreign importers with up-to-date information gathered by Trade Commissioners posted overseas;
- MATRADE's Business Library contains business directories, yellow pages and trade journals from all over the world. Sending offer letters with details of your company and exportable products to the companies listed in such directories and journals is one way to approach buyers; and
- MATRADE trade fairs and exhibitions allowing Malaysian SMEs to visit foreign markets, as a member of trade missions, and/or as an exhibitor. It is beneficial for those planning to embark on business travels abroad to participate in such overseas events.

iii. Funding

A Market Development Grant (MDG) is available for SMEs involved in:

- Manufacturing products in Malaysia for the export market;
- Export of services, which include engineering, construction, architectural, education, healthcare, printing and publishing, Information and Communications Technology (ICT), legal, accounting and locally developed franchise;
- Trading companies that meet the following conditions:
 - Having annual sales turnover of between RM10 million to RM25 million;
 - Exporting Made In Malaysia products especially those manufactured by SMEs; and
 - Not more than 20% of the company's annual sales is derived from trading in primary commodities.



The Grant is also to assist SMEs with the cost of:

- Participation in Trade and Investment Missions, Specialised Marketing Missions and International Trade Fairs;
- Participation in In-Store Promotions Overseas;
- Participation in Industry and Professional Related International Conferences Overseas;
- Participation in meetings related to negotiations on Mutual Recognition Agreement (MRA), Free Trade Agreement (FTA), ASEAN, World Trade Organization (WTO) and other market access negotiations by representatives of Trade and Industry Associations and Professional Bodies;
- Preparation of Promotional Materials to develop export markets;
- Initial cost of setting up office overseas;
- Promotional activities undertaken with Hypermarkets and Retail Outlets overseas;
- Participation in Overseas International Tenders; and
- Overseas cost of conducting Export Market Research.

SME eligibility criteria:

- Incorporated under the Companies Act 1965;
- For professional services (such as accountants, engineers and architects), partnerships and sole proprietors are also eligible;
- At least 60% equity held by Malaysians;
- For manufacturing and agricultural sector, having an annual sales turnover not exceeding RM25 million (based on the latest financial report) or not more than 150 full-time employees; and
- For services sector, having an annual sales turnover not exceeding RM5 million (based on the latest financial report) or not more than 50 full-time employees. (Financial services, tourism sector and property development are not eligible for MDG).

Companies can obtain a 50% reimbursable matching grant on the approved cost of the eligible activities.

(For detailed application criteria, please refer to www.matrade.gov.my/application/mdg application form MDG1/06)

Exposing the World to Malaysian Cuisine

A coordinated and integrated approach has helped bring more Malaysian food products into hypermarkets. With packaging, standards compliance and production lines in place, promotional programmes are on offer to market SME products and services to a wider audience.

The Hypermarket Promotional Programme run by the MDTCA in collaboration with several Government Agencies creates opportunities for SMEs to sell products at hypermarkets. In 2006, MDTCA organised seven promotional events nationwide involving the participation of more than 30 SMEs promoting a wide array of local products.



Hypermarkets involved in promoting SME products locally and abroad include Tesco, Carrefour, JUSCO, Giant, Mydin and The Store. In collaboration with MATRADE, a promotional programme was held in May 2006 at the Hypermarket Carrefour Mall of Emirates in Dubai. A total of 32 SME companies participated, promoting 230 products. The business matching sessions at this event organised by the Dubai Chambers of Commerce together with MATRADE brought in orders worth more than RM8 million.

A similar programme was held in September 2006 with the Giant Hypermarket chain in 15 locations around Indonesia. In total, 39 SME companies participated, offering 400 products. The business matching sessions at the event organised by PT Hero Indonesia together with MATRADE brought in orders worth RM10 million.

As a result of promotional efforts in Indonesia and the Middle East, five SMEs are exporting 30 products to the Middle East, and 14 SMEs are in the process of negotiating the export of 58 products to Indonesia.

Introducing Malaysian Products and Services to a Wider Audience



Promotional strategies in 2007 will remain firmly focused on exhibiting SME products and services in targeted markets, intensifying marketing collaboration efforts and ICT-based marketing strategies, optimising inbound and outbound trade mission activities, and branding efforts.

As part of this MATRADE plans participation in 64 International Trade Fairs overseas, 20 marketing missions overseas, five in-store promotions overseas, 78 promotion booths overseas and three Malaysia Solo Exhibitions.

In addition, SMIDEX 2007 and the SME Convention are ongoing activities during which SME linkages with large corporations, GLC and hypermarkets are encouraged.

MDTCA, MPIC, MECD and MRRD are jointly targeting some 300 SMEs and 575 products to showcase in Promotional Programmes in Hypermarkets in 2007. Specifically, MTDCA plans to organise “*Produk Malaysia Citarasa Kita*” promotional programmes in various Carrefour, Giant, JUSCO and The Store locations nationwide as well as “Taste of Malaysia” promotional programmes in Tesco stores in London and a Carrefour hypermarket in Paris.

In addition, the Malaysia International Halal Showcase (MIHAS) expects more in participants from other countries. In 2007, there was an increase of 23% participants from the previous year.

To help Malaysian products stand out in the marketplace, grants and expertise will be on offer to upgrade packaging and labeling to conform to international standards. In collaboration with SIRIM and local universities, the MOA Product Branding Scheme will assist SMEs to improve brand image using the OleMas standard and to improve quality standards with the AgroMas standard of produce. In 2006, 30 products were produced by 13 SMEs under the Agromas brand.



7. Awareness and Outreach - Spreading the Word

Enterprises need to be aware of factors both local and international, which can affect and influence them. In tandem with efforts to ensure SMEs have access to, and the support of professional advisers to help across the gamut of needs from compiling a business plan, to industry trends and best practices, outreach initiatives have been stepped up to help SMEs understand how they can best help themselves.

The Government will continue to expand resources to raise the performance of SMEs through various outreach and awareness programmes aimed at disseminating information to SME via multiple channels including online portals, publications and awards.

Wealth of Information Online

SMEs can now access information via the following on-line portals and business directories:

- **The SMEinfo Portal**



A one-stop information resource for SMEs. The SMEinfo Portal provides comprehensive information required by SMEs, including details on Government programmes, financial products, training programmes, and tips on how to start and manage a business. The Portal also contains the SME Business Directory, a platform for SMEs to advertise and showcase their products. All information is accessible in Bahasa Malaysia, English and Chinese.

(For more information please log onto www.smeinfo.com.my)

Since its launch, the portal has received strong response from domestic SMEs and foreign businesses. It records a monthly average hit of about 205,000, and attracted visitors from more than 70 countries. Up till May 2007, 14,339 SMEs have registered in the portal's SME Business Directory.

In 2007, the plan is to introduce a number of value-added services in the Portal, such as the creation of an SME Bulletin Board to provide an avenue for public and private sector organisations to advertise SME related events and the SME Financial Product Directory, which will allow SMEs to search for suitable financial products for their businesses.

- **AgriBazaar**

An internet system launched in 2006 for farmers, producers, retailers and exporters to interact and conduct their trading on-line. It provides business information, including data on new supply, supply feedback, price quotations, logistic services, inventory management, market projections and payment management. SMEs using AgriBazaar will be able to discover the best prices for their products, gain greater access to the market, and thus, expand their business.

(For more information, please log onto www.agribazaar.com.my)

- **HRD Training Portal**

A centralised information hub of all available training programmes, providing the latest information on available courses, seminars, conferences and events on human resource training.

Employers can also use the portal to communicate directly with course providers.

(For more information, please log onto www.hrdportal.com.my)

- **Technopreneur Development Portal**

A comprehensive public domain ICT SME Industry database including MSC and non MSC status companies as well as on-line information and communication resources for fledgling ICT businesses.

(For more information, please log onto www.technopreneurdevelopment.net.my)

- **iGuarantee**

Credit Guarantee Corporation (CGC) aims to provide a one-stop web services portal at which business loan applications can be made. CGC was established with the objective of assisting SMEs without or with inadequate collateral to access credit facilities from financial institutions.

(For more information please log onto www.iGuarantee.com.my)

- **Portal Usahawan**

A comprehensive one-stop site for Bumiputera entrepreneurs seeking information on programmes, schemes and funds available across all sectors.

(For more information, please log onto www.mecd.go.my)

- **MATRADE Online**

A focal point for Malaysian exporters and foreign importers to source for comprehensive trade related information.

(For more information, please log onto www.matrade.gov.my)

With greater promotion it is hoped that portals with marketing information and business directories will become a widely used tool for the exchange and sharing of information. Targeted membership numbers stand at 5,000 and up to 100,000 visits are expected during the course of 2007.

Publications

The publication of the SME Annual Report provides a review on the status and performance of SMEs, as well as highlights the major programmes undertaken by the Government during the year in promoting the development of SMEs.

(For more information, please log onto www.bnm.gov.my)

SMIDEC's "SME Handbook on Policies, Incentives, Programmes and Financial Assistance for SMEs" is an invaluable reference guide of Government support available to SMEs across all sectors.

(For more information, please log onto www.smidec.gov.my)

The Multimedia Development Corporation Annual MSC ICT Industry Directory offers SMEs a marketing opportunity for ICT SME products.

"Funds and Schemes for Small and Medium Enterprises" is a booklet published by Bank Negara Malaysia that provides a full listing of all funds and schemes for SMEs offered by the various Ministries and Agencies. This booklet is available from Bank Negara Malaysia and all banking institutions.



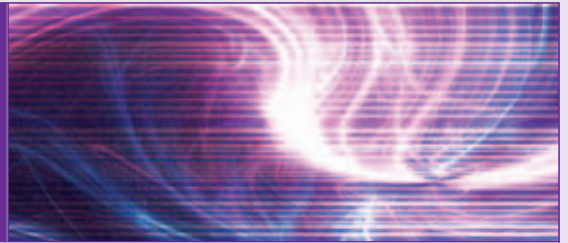
Malaysian Champions

Awards provide an opportunity for SMEs to showcase their abilities, gain local, regional and international exposure and earn endorsements from Government Agencies at both national and international level. The awards include:

- Organised annually by SMIDEC, **Enterprise 50 (E50)** Award Programme, an evaluation of homegrown success stories based on a company's management and financial performance, is now in its tenth year. Each year, there is an overwhelming response from SMEs to the call for entries. In 2006, 44% of the E50 award recipients were SMEs.
- MATRADE's **Industry Excellence Awards** organised annually by MITI, gives recognition to companies for excellence in the fields of export in recognition for an enterprise's commitment, efforts and performance in penetrating the export markets. The award also covers branding, in recognition of companies that have invested in developing Malaysian brands and are committed to promoting the brand internationally.
- The Asia Pacific ICT Awards (**APICTA**) Programme aims to select high-growth ICT companies with the potential of becoming MSC Malaysia Global Companies. There are annual recognition awards at the national (MSC-APICTA) and international (APICTA) level to select the best Malaysian ICT companies, technopreneurs and students. The awards serve as platforms for networking as they are complemented by forums that bring local ICT companies in contact with foreign counterparts. In 2006, 319 nominations were received. Out of 15 Winners and 16 Merits identified, four won international APICTA awards.

SME Success Story

Promoting Malaysian Excellence



N2N Connect Sdn Bhd was incorporated in 2000 by five budding entrepreneurs. Principally involved in the R&D of software packages, it was not until the fourth job was completed that the company began to see its first operating profit.

A string of innovative products that catered to market needs saw the MSC status company headed for a listing on the Bursa's MESDAQ-BOARD in just five years.



Helping raise the company profile and help take their innovative products to a wider audience beyond Malaysia was a string of high profile awards N2N has won since 2004. Having received the Merit Award for Best Financial Application **“Mobile Stock Live”** at the MSC-Asia Pacific ICT Awards, they went on a few months later to win the 2004 Best Financial Product APICTA Award in Hong Kong. In 2005, N2N was awarded the Golden Bull Award for 100 Best Emerging SMEs by Nanyang Siang Pau. In 2006, the company won another Best Financial Application APICTA award, this time for “GlobalConnect.” Showcasing N2N’s strive for excellence in innovation, even their lifestyle department was recognised by Frost and Sullivan’s Telecoms Award for the **‘Most Innovative Application of 2006’** EMO Messenger, a mobile and PC Instant Messenger with premium content delivery abilities.

The range of capacity and capability programmes available will continue to equip SMEs with the knowledge and skills in areas like marketing, financial management and technology.

Ultimately, it is up to SMEs to feel a sense of urgency to move up the value chain and take advantage of the schemes on offer to facilitate the process. The Ministries and Agencies’ linkage programmes, trade missions and fairs provide SMEs exposure to new customers and suppliers, and SMEs must make full use of these opportunities.