

**Report by**  
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**Dr. Damri Sukhotanang, Chairman of the 34<sup>th</sup> ISBC Organizing Committee and Deputy Permanent Secretary of the Ministry of Industry, Distinguished delegates and guests, Ladies and Gentlemen,**

The **34<sup>th</sup> International Small Business Conference** has proved to be exceptionally productive. During the past two days, this conference has raised several important thoughts providing issues which SMEs and SME-related policy makers need to address in order to improve SME development and competitiveness.

With the limitation of time, I would like to highlight what our 49 speakers have addressed at this conference in accordance to the conference sub-topics.

**Positioning SMEs toward Globalization**

- On positioning SMEs toward Globalization session, Mr. Do-Sung Na, the Deputy Administrator of South Korea's Small and Medium Business Administration (SMBA) pointed out that "the gradual expansion of FTAs led to cutthroat competition in the world economy. SMEs have comparative disadvantages against large firms in terms of finance, manpower, technology, and overseas marketing. Therefore, government assistance is necessary for small businesses trying to survive the stiff global competition created by free trade agreement (FTAs)"
- While Mr. Yoichi Kato, the President of JETRO Bangkok Branch, deployed a crucial point to the forum that, "Regardless of company size, business field, and capital origin; motivation of international development by Japanese SMEs are changing from cost reduction and request by their parent companies or clients to new customer cultivation in the overseas market. He also suggested to small businesses that "small businesses are required to have management factors known as QCD in order to expand transaction with global companies."

### [Internationalization of Micro-enterprises: Local Links – Global Reach](#)

- During the Internationalization of Micro-enterprises session, we heard how small businesses quickly adjust to global markets, get hands-on business assistance, and how links to international supply chains are succeeding. Global value chain can provide opportunities for smaller enterprises to enter into large-scale exports and build new competitive capabilities by concentrating on a few core activities. Mr. Jun Wang, China Financial Sector Coordinator of the World Bank, pointed out that the Chinese economy has enjoyed near double-digit growth in the past decade, yet banks are still reluctant to lend to Micro and Small Enterprises (or MSEs). To counter such obstacles, the World Bank is providing consultants to Chinese banks; enabling them to develop their skills in assessing small businesses and providing them with appropriate lending schemes.

### ***Dynamic Changes of SMEs in Asia***

- The session on “Dynamic Changes of SMEs in Asia” examined the possibilities for growth on the continent under the progression of globalization. Small businesses can benefit from research and development partnerships with universities and effective business incubation as they seek to become more innovative.
- Dr. Das expressed that “SME definition changes have raised the ceiling, denoting a strong bias towards the bigger of the small-scale units. One of the reasons for this is that Small Scale Industries (SSIs) have not moved forward in catching a share of the ‘export basket’. Therefore bankers are not always ready to provide them with credit. “This is one area that needs a lot of support from the government. Moreover, Dr. Tulus Tambunnan, from the Center for Industry and SME Studies, University of Trisakti, Indonesia, said that in Indonesia, SMEs had historically been the main players in domestic economic activities, especially as large providers of employment opportunities, hence a generator of primary or secondary sources of income for many households. Also, Refaelita Aldaba of the Philippine Institute for Development Studies said that a lack of access to finance was a major stumbling block to SME development – not the supply of funds, but the reluctance of private banks to lend to SMEs or government lending programs that are directed mainly at micro-enterprises programs.

### ***Franchising and Beyond as New Business Creation Tools***

- Regarding consistent quality in brand franchising, Mr. Jose A. Minana, the Vice President of the Jubilee Food cooperation in the Philippines stressed that “Products need to be consistent for brand franchising.” And Mr. Jean-Paul Dorier from France pointed out the necessity of a

“liberal economy where market rules are respected and need government to support financing.

- Mr. Pravit Chitnarapong and Mr. Sumet Granchangnetara from Black Canyon (Thailand) Co.,Ltd., shared the newest trend of micro-franchising on a “grassroots level.” The cornerstone of this concept was built on the micro-credit concepts of the 2006 Nobel Laureate, Dr. Yunus of Bangladesh, combining with the American model of cloning.

### ***Commercialization of Research and Development for SMEs***

- Mr. James Tomecko shared a view that in the process of economic growth, Small companies needed better institutional infrastructure to support the link with R&D institutes to change from being “resource intensive” to being “innovation driven.” Moreover, Mr. Ichikawa said, industry-academia collaborations involve tie-ups between small business associations and public research institutes. He also added that business incubation is important. Furthermore, Dr. Kirkpatrick explained that a high-quality “value chain of expertise” was needed to grow small business into large ones. Also, Mr. Reuben Jessop said finance was crucial to R&D commercialization.

### ***Market Cultivation: Roles of Entrepreneurs***

- Mr. Michele Perini emphasized the necessity of building brand awareness. Also, he stressed on exhibitions, which may act as important marketing and sales promotion tools for companies. Then, Mr. Anthony Zola said that SMEs in rural areas should target niche markets like in organic produce and natural product.

### **Logistic Innovation for SMEs**

- Prof. Jay Mitra urged governments, academia, and private sector to collaborate to create networked economies to aid SMEs in boosting their logistic efficiency. Dr. Lai, Sun-Quae agreed that government should provide financial as well as technical assistance. Dr. Krizz Chantigraporn said logistic systems were too complex for small companies to manage “IT logistics for SMEs.” Also, the development of independent logistic providers and extended logistic management even to farmers are needed. Mr. Johnathan Sutton said adding value is the key area of logistics chain innovation.

### **Service SMEs: Challenges and New Opportunities**

- Mr. Douglas Wright, the Chairman of the world’s largest network of independent public relations consultancies, WorldCom, said that service SMEs, working together with government and researchers, can succeed in global competition by taking advantage of information technologies to innovate and create international alliances.

### ***Roles of Trading Firms in SME Trade: Strengths and Limitations***

- Ms. Duangporn Hemvijitraphan, the Managing Director of I-MIT Co., Ltd. in Thailand said it was necessary to promote networks of ASEAN trading firms for SMEs and extend links among these firms via existing facilities of member countries. According to a trade expert, Mr. Teng Theng Dar, the CEO of Intraco of Singapore, SMEs face great challenges and need to be proactive and build global trading clusters in order to remain competitive.

### ***Searching for Global Outsourcing Opportunities***

- Mr. Sirisak Koshpasharin, the Chief Operating Officer of Imagimax Co., Ltd., Thailand, pointed out that “to succeed in global outsourcing, small businesses should focus more on reliability rather than price bargaining, while Mr. Ravishankar Ananthakrishnan from CoOptions Technologies Limited, India shared useful experience that “India had emerged as a global outsourcing hub and continued to grow at an exponential rate.” Moreover, future trends in outsourcing should focus on Business Model Innovations, transforming business processes with tangible business deliverables. Speed, Quality, and Flexibility are key success factors.

### ***Young Entrepreneurs***

- Mr. Seungpyo (Brian Son), our conference’s youngest entrepreneur with the age of 17-year-old and a status of student at the Korean Minjok Leadership Academy (KMLA), pointed out that brand value is linked to company value and the price can differ according to the brand value. Thus, it is reasonable to invest in building brand value. Also, information is becoming very important. Moreover, Mr. Rakchai Ruengsomboon suggested that just design is not enough in competing in the market. It has to come in a package with good materials, good techniques, and especially differentiation in products. Then, Mr. Giorgio Secchi, the President of Luxlife from Italy who has experiences in establishing the business in China, suggested that major driving forces for internationalization are value added, customized strategy, right location, and dynamic management.

### ***Managing Market Risks for SMEs***

- Dr. Sarinya Sophia from RUSHSAP, UNESCO conveyed that market risk management needs corporate social responsibility (CSR), strong customer relationships, ethical behavior, and government support. Then, Mr. James Tomecko, the Director of Business and Financial Services Component for the German Technical Cooperation Agency (GTZ), agreed that CSR was important. Also, he added that relationships and market systems could be used. Dr. Ki-Kwan Yoon, from Chungnam National University, Korea, suggested that

establishment of E-Trade Network among Korea, China, Singapore, Taiwan, and Hong Kong, supported by the governments and concerning companies, should be initiated.

### ***Venture Capital for SMEs: Global Trends***

- Dr. Badr-El-Din A. Ibrahim, an Economic Expert from the Office of Undersecretary, the Ministry of Finance, Sultanate of Oman stated that promising factors for SME-support VC are: availability of foreign VC, current liquidity position, growth of private wealth, possibility of extending Islamic VC modes, and commitment to faster non-oil growth via privatization. Afterward, Dr. Ken Loucks from Niagara Enterprise Agency, Canada said that financing, identification for displaced employees, education and training for self-employed, as well as enabling environment for youth in schools are crucial tools to boost small businesses' capability. In Thailand, Mr. Kunakorn Makchaidee, the President of Thai Venture Capital Association said that VC Funds in Thailand focus on some targeted industries such as Foods & Beverages, and Energy (LNG, Biomass Power Plant, Energy Service Company), while in non-bank financial services, new services such as factoring and leasing are more attracted to the investors. In terms of Venture Capitalists from Chinese Taipei, Mr. Patrick Lin, the CEO of Trinity Investment Corporation, Chinese Taipei told us that the trend of venture capital in Chinese Taipei will focus more on extending source of fund and creating VC globalization platform. It will also involve more value-added Investment, Integrate VC resources, and better investment environment supported by the Government.

### ***Women Entrepreneurs Forum***

- Ms. Kobkarn Wattanavrangkul, the Chairperson of Toshiba Thailand Co. Ltd. Shared that women entrepreneurs need more technical support skills and better business advice.

I have finished my part in highlighting the key areas raised in the Congress. However, what is more important is the policy and adjustment measures to be taken by policy makers and individual SMEs to cope with challenges and obstacles mentioned by our distinguished speakers. I do hope that before we end this Summary Session, we will hear more views and opinions from our ISBC Steering Committee members and other distinguished participants. I sincerely hope that forward-looking strategies will be adopted by the SME community in order for us to effectively reap the benefits offered by globalization and incoming integration of the international economy.

**Thank You.**