

SME WEEKLY NEWS

(20 November 2017 – 24 November 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>Sabah wants DFTZ to be established at KKIP</p>	<p>Sabah Government wants DFTZ to be developed at Kota Kinabalu Industrial Park (KKIP) as the area was capable of meeting all the requirements to facilitate digital-physical integration for the benefit of the industrial sector. The Deputy Chief Minister, Datuk Raymond Tan Shu Kiah said the digital-physical integration such as physical logistics delivery system and bureaucracy system such as customs was greatly needed to successfully expand e-commerce to the global market. Tan said Sabah SMEs had achieved an excellent performance as the state was ranked among the top five states in several categories in 2015. Sabah SMEs also took second place in the women-owned companies category with 19,046 establishments, an increase of 70.2% compared with 2010. Products from Sabah SMEs had also penetrated foreign markets including Singapore, China, Taiwan, Brunei, Kuwait, Myanmar, Indonesia and Japan, following the ministry's collaboration with the state's Department of Industrial Development and Research (DIDR). According to DIDR, Sabah SMEs had generated exports worth RM135.74 million in 2016.</p> <p style="text-align: right;"><i>(Source: Malaysian Digest, 22 November 2017)</i></p>
<p>MALAYSIA</p> <p>1,042 financially distressed SMEs received BNM aid over 12 years</p>	<p>Bank Negara Malaysia has assisted 1,042 financially distressed SMEs with financing value worth RM1.3 billion since 2005. Director of Development Finance and Enterprise, Marina Abdul Kahar said the assistance was channelled through BNM's Small Debt Resolution Scheme (SDRS). Of the total number of SMEs assisted, 56% were able to revive their businesses and 73% had their debts fully settled. Besides the SDRS, an online SME financing application platform is expected to be launched by year-end to further enhance SMEs access to financing. The platform allows SMEs to submit simultaneous applications to multiple financial institutions based on their eligibility. Calling on SMEs to ensure loans are used for business purposes and make prompt repayment, they should also align their businesses with current environment, such as mega trend of automation and adopting digital payment to reduce their operational cost.</p> <p style="text-align: right;"><i>(Source: The Malaysian Insight, 25 November 2017)</i></p>
<p>SINGAPORE</p> <p>7 in 10 SMEs struggle with manpower costs</p>	<p>According to SME Development Survey, SME concerns about manpower costs jumped from 72% in 2012 to 85% in 2013 and has declined every year since. Credit bureau, DP Information Group (DP Info) said this indicates that SMEs are adjusting to the changes in the labour market by modifying their business models and making productivity improvements. The proportion of SMEs having difficulties hiring the staff they need fell from 49% in 2014 to 26% in 2017. The percentage of SMEs whose main cost management strategy was to raise productivity also fell from 42% in 2016 to 29% this year. Raising customer service is now the most popular strategy for the coming year with 27% planning to make improvements to this aspect of their operations. DP Info said this shows SMEs are becoming increasingly customer-centric and moving away from the more inward-looking tactics such as cost suppression. Moreover, 19% of SMEs plan to drive sales through increased marketing efforts, up from just 2% three years ago, making this the second most popular business strategy among SMEs. The percentage of SMEs focusing on brand visibility has also risen to 13% compared to 3% in 2014.</p> <p style="text-align: right;"><i>(Source: Singapore Business Review, 20 November 2017)</i></p>

MYANMAR

Non-bank loan providers gain market share

Start-ups facing difficulties obtaining access to capital have been able to use their vehicles as collaterals under a scheme initiated by Best Merchant Finance (BMF), a financial assistance firm offering small loan services in Yangon. The scheme aims to help new business owners who need to borrow money to grow but who lack the assets, typically land or property, to put up as necessary collaterals. All types of vehicles is accepted as collaterals, including personal cars, taxis and commercial cars. Since the scheme was introduced at the start of this year, BMF has amassed a total of 500 customers and demand is still rising. The loans given will be 40% of the appraised value of the vehicles, with a payback period of between 6 and 18 months. Interest will be charged at 2pc per month or 24pc per year, which is about twice the rate charged by local banks. Despite the high interest rates, demand for MBF loans however is still rising, as many businesses own personal or commercial vehicles rather than owning property.

(Source: Myanmar Times, 22 November 2017)

IN THE BUSINESS OF CLEANING

MANY take for granted the shiny clean floors and spotless washrooms when visiting a hypermarket or office. “Give due respect to a cleaner. Without them, we live in a lot of discomfort. Every job is equally important so don’t take them for granted,” says Managing Director and founder of Malaysian Cleansing Services Sdn Bhd, Datuk M. Karunanidhi.

Karunanidhi has come a long way from his early days of cleaning people’s homes for RM20. “During my college days, my friends decided to go for a holiday. My father refused to give me the money so I decided to make it. I found a faulty Hoover machine at home. I repaired it and decided to clean people’s homes. It was used to clean terrazzo flooring. The money was good and I left college to do it,” he adds.

Eventually, he set up a company and ventured into the commercial market. Karunanidhi is hands-on, one wouldn’t be surprised to see him working alongside his son. “My dad leads by example,” says his son, Ravin Karunanidhi. “There have been a number of projects where dad and I were on site cleaning bathrooms to ensure the job was well done.” Since Ravin came into the company three years ago, he has introduced many changes. “Instead of just janitorial and housekeeping services, I decided to introduce a new business branch, waste management, where we help clients manage their waste. Different wastes require different ways of disposal and we took that on.

“We also introduced sanitation services, which is a step above cleaning. It kills the bacteria. Since we’re in the business of cleaning, we decided to be truly one-stop and offer pest control services and granite and marble restoration. Anything required to maintain a building, we are able to do it well,” says Ravin. This has led to MCS Facilities Sdn Bhd and Eco Hygiene Systems Sdn Bhd, subsidiaries under the main company.

Today, the group has contracts with several hypermarkets, corporate companies, educational institutions and healthcare providers. “There are plenty of competitors out there, and we’re not the cheapest around. But clients know they are getting professional services with a warranty. “Many people don’t understand this business or realise how high the investment is. We hire foreign labours, which is more expensive because of insurance, medical expenses and accommodation, but they are hardworking and never miss work. They are willing to do all sorts of cleaning, unlike locals.

As a strong believer of going green, Ravin has also been in talks with government authorities to organise gotong-royong as the company’s CSR project. “We are also working to uplift the lower-income community through our workers. We give bursaries to their children and help them in continuing their education.”

The success of the company can very much be attributed to the company’s willingness to change as well as its tenacity for quality work. “We have had to adapt to the changes over the years but they have made us stronger and better,” says Karunanidhi. “Work hard. Luck is, at most, 15% but the rest is hard work.”



(Source: The Star, 20 November 2017)

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