

# SME WEEKLY NEWS

(3 April 2017 – 7 April 2017)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Businesses maintain positive sentiments for Q2-Q3 2017 amid headwinds</b></p>	<p>Corporates and SMEs remain optimistic of their business prospects for the second and third quarters (Q2-Q3) of 2017, according to RAM Business Confidence Index. Both export-oriented corporates and SMEs registered higher overall index values than its domestic-oriented counterparts on the back of an expected pick-up in trade activities. For SMEs, the business services sector was the most sanguine, following strong hiring and business expansion sentiment while the retail sector was the least positive due to negative outlook on turnover and profitability. SMEs are less sanguine about turnover and profitability in Q2-Q3 2017, given its relatively weaker bargaining power amid rising cost pressures in the supply chain. As such, SMEs might increase prices to manage the profitability squeeze. The less optimistic profit outlook is also largely matched by weaker turnover outlook, premised on lower demand for goods and services due to competitive pressures and economic sluggishness. Based on discussions with SMEs, slower rate of collections from their clients had crimped the pace of existing work progress, posing further downside risks to turnover expectations for the next six months. Nevertheless, the weaker sentiment was moderated by the more bullish outlook on hiring, capacity utilisation and business expansion. Forging ahead with business expansion activities despite weaker performance prospects may be partly attributed to the entrepreneurial and survivalist nature of SMEs, as they continue to strengthen the groundwork to improve their business prospects and competitiveness.</p> <p style="text-align: right;"><i>(Source: The Star, 3 April 2017)</i></p>
<p><b>MALAYSIA</b></p> <p><b>SME Corp. Terengganu aims to develop 10 export-oriented SMEs annually</b></p>	<p>SME Corp. Terengganu targets to develop 10 export-oriented SMEs in the state annually. The Director of SME Corp Terengganu, Muhammad Ibrahim, said he was confident that the target would be achieved through the Bumiputera Export Promotion Programme (GEB) by SME Corp. with the cooperation of MARA. “The GEB programme was created as one of the efforts to contribute to capacity building of Bumiputera entrepreneurs in exploring and competing in foreign markets. Muhammad said exports from 22,515 Terengganu SMEs were still low at mere 10%. The GEB programme was an integrated assistance package which covered financing facilities, with components such as packaging, certification and quality management system as well as development and product. It is a good platform to identify SMEs with high potentials and be given assistance such as prototype development costs, research &amp; suitable commercial marketing especially for exports.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 4 April 2017)</i></p>
<p><b>MALAYSIA</b></p> <p><b>MITI: Halal industry players need to embrace e-commerce</b></p>	<p>Halal industry players must embrace the e-commerce push as the traditional brick and mortars mode of doing business is on its way out, said the Minister of Ministry of International Trade and Industry (MITI), Dato’ Sri Mustapa Mohamed. The Deputy Prime Minister, Datuk Seri Ahmad Zahid Hamidi had launched the world’s largest halal toyyiban focused e-marketplace, so that shows how important this segment is to the government. Mustapa said the e-commerce segment is also very much in line with the government’s objective of enriching the local SME sector. He said “By having a more robust and accessible e-commerce ecosystem, we can help the SMEs to do that.” Mustapa said Malaysia is on track towards achieving a global Halal hub status by 2020 backed by a holistic ecosystem from end-to-end.</p> <p style="text-align: right;"><i>(Source: New Straits Times, 5 April 2017)</i></p>

<p><b>MALAYSIA</b></p> <p><b>SME Corp launches 20th Enterprise 50 awards</b></p>	<p>SME Corp. Malaysia launched the 20th edition of its annual award programme, Enterprise 50 (E50), which aims to promote and showcase companies which have remained competitive and resilient in facing current global economic challenges. It is a highly-coveted accolade which spotlights achievements in entrepreneurship in companies which have managed to remain relevant in the business environment. An E-book titled A Guidebook on SME Initiatives 2017 was also launched, and will be made available soon as a reference guide on programmes and initiatives for SMEs and entrepreneurs. A new SME market was also established to help SMEs gain access to funding to accelerate their growth and expansion, as well as to serve as the impetus to strive harder to boost their full potential. The listing will allow SMEs to enhance their performance, finance and management practices in order to meet market requirements.</p> <p style="text-align: right;"><i>(Source: News Straits Times, 6 April 2017)</i></p>
<p><b>SINGAPORE</b></p> <p><b>One-stop centres enhancing services to help SMEs prepare for future</b></p>	<p>The one-stop centres, that have been providing SMEs with free one-on-one business advice since 2013, will enhance their services to better help companies prepare for the future. The SME Centres will focus on helping these firms achieve their aims in the next five years through group-based upgrading projects and digital technology adoption. Business advisers at SME Centres will offer free one-to-one consultation sessions to help firms select off-the-shelf technology solutions pre-qualified by the Infocomm Media Development Authority (IMDA) that meet their business needs. SMEs with more advanced requirements, in areas like cyber security and data analytics, can receive specialised assistance at the SME Digital Tech Hub, which will open its doors in the third quarter of this year. Advisers at the SME Digital Tech Hub will help them identify appropriate solutions and guide them on changing their business processes to take full advantage of the technologies. In addition to making pre-qualified solutions available to companies, SMEs Go Digital will provide more structured and inclusive support for SMEs to build their digital capabilities in areas such as cyber security, data protection and data analytics.</p> <p style="text-align: right;"><i>(Source: Straits Times, 6 April 2017)</i></p>
<p><b>SINGAPORE</b></p> <p><b>Umbrella body mooted to help SMEs in debt</b></p>	<p>Struggling SMEs would benefit from an umbrella organisation to coordinate the restructuring of debt, according to Kuo How Nam, the president of registered charity Credit Counselling Singapore. The proposed organisation would work with all the creditors involved to assess the financial situation of SMEs and develop a reasonable and practical restructuring plan. This is important because the FIs which provide loans often have no way of verifying the amounts owed to the other creditors involved and do not consider additional personal debt on top of the business loans. "When SMEs face problems with their cash flow, many of them tend to borrow in order to keep their businesses afloat. This often leads to obtaining loans to pay for other loans, which gets more creditors involved. The SMEs may eventually start struggling to pay back their obligations. Without a consolidated restructuring plan, this often leads to a default on the SMEs' end," he added.</p> <p style="text-align: right;"><i>(Source: Straits Times, 3 April 2017)</i></p>

<p><b>MYANMAR</b></p> <p><b>SMEs squeezed with little government support</b></p>	<p>Agenda on supporting SMEs was included in the 12-point economic policy released by the new National League for Democracy (NLD)-led government last year. A year has passed but little has changed for SMEs so far. SMEs have been struggling to survive throughout successive governments and it still continues to struggle these days. Businessmen involved in SMEs have pointed out that red-tape hasn't been eradicated yet. SMEs have to seek approvals from several departments for a license and restrictions on operations are worse than before. Production costs including transport costs are high in Myanmar compared to other neighbouring countries in which taxis and trucks use natural gas. In contrast, Myanmar still uses expensive diesel and gasoline. If the competitiveness of SMEs can be enhanced, they can compete against foreign competitors. The high cost of domestic production has been a problem since the previous government. In Myanmar, SME development is in need of finance, technological expertise and a sound business environment. "The SME sector is not satisfactory in Myanmar. Loans through collateral make it difficult for SMEs to have access to funding. Bank loans should be extended to the SME sector," said Dr Maung Maung Thein, committee member of SME Development Central.</p> <p style="text-align: right;"><i>(Source: Myanmar Times, 4 April 2017)</i></p>
<p><b>THAILAND</b></p> <p><b>Thailand and South Korea collaborate to develop SMEs</b></p>	<p>The Ministry of Industry and South Korea's government agencies have signed two agreements to mutually develop their SME sectors. The first agreement was signed by the Thai Department of Industrial Promotion and the Small and Medium Business Administration (SMBA). They will set up a joint committee to develop measures to promote and exchange trade, investment and technology between Thai and South Korean SMEs with a focus on supporting and facilitating South Korean SMEs to participate in Thailand's Eastern Economic Corridor. The second agreement was signed by the Thai Office of SMEs Promotion and the SMBA to establish a center on technology exchange between the two countries. This agreement is aimed at promoting transfer of technology from South Korea through joint venture or business matching with a focus on the S-Curve industry, SMEs with a high growth rate and smart farmers. The SMBA will send specialists to analyse Thai SME's technological needs before business matching takes place in November 2017.</p> <p style="text-align: right;"><i>(Source: Thai Visa News, 4 April 2017)</i></p>

## JUST KEEP MOVING

For D'Ware Furniture Hardware Sdn Bhd founder Chan Soon Fatt, perseverance is his journey as an entrepreneur. The customised aluminium furniture maker had no inkling of what to do after he completed secondary school. "I started working part-time at a furniture hardware store selling things like hinges and other cabinet storage items while waiting for my exam results. I realised this is something I could do and did not further my studies," Chan says. After four years, Chan felt it was time to start his own company as he wanted to be a business owner himself.

In 2001, at the age of 22, he founded D'Ware with RM100,000, which he had borrowed from friends. He rented a shoplot in Gombak, Kuala Lumpur and hired one worker. He started with what he was familiar with – distribution of furniture hardware. He approached furniture manufacturers to use his products. With over 2,000 components under his belt, Chan always found something to suit their needs. But after a while, he felt stuck in a rut. "All I did was ask manufacturers what components they needed and how many," Chan notes. So a few months later, he started manufacturing his own aluminium and wooden doors under the brand Luxe Elements. Together with his worker, Chan built the cabinets and the manufacturers simply bought them from him and installed the cabinets as their own. Business was good but not for long.

In 2008, when the Global Financial Crisis happened, many of his dealers were unable to pay him, to the tune of about RM200,000. "It is pointless being sad about such an incident and I simply worked harder," he says nonchalantly. That was when he decided to go directly to home owners rather than through dealers. However, the major deals are still done through dealers especially those that serve developers.

By 2014, Chan had added to his customised furniture offerings, including kitchen cabinets, wardrobes, bar counters and others. Chan works with over 300 dealers to get his products out but notes that working with some of the dealers can be a challenge, particularly if they do not know the products well. "There are incidents where contractors do not inform the dealers on the positioning of the pipes and electric cables and accidents could occur when we drill the walls. Sometimes the colour or materials are wrong and we will have to change it," Chan says. One also has to deal with various characters in the construction industry. "You will have people who do not pay you, yet continue to ask for stock as though nothing has happened, or people who do not turn up for appointments," he laughs. Chan continues to learn how to deal with such issues but he emphasises the importance of maintaining a positive outlook through every ordeal.

Chan's company has grown to a staff of 28 and currently operates from a factory in Sungai Buloh. D'Ware also has a showroom in Subang Jaya. And for Chan, running his business enables him to "afford the living we want with our loved ones".

*(Source: The Star, 7 April 2017)*

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