

SME WEEKLY NEWS

(11 November 2019 – 15 November 2019)

Countries	Highlights
<p>MALAYSIA</p> <p>AIG Malaysia: 80% of SMEs are underinsured against natural disasters</p>	<p>Based on a study by AIG Malaysia Insurance Bhd, only 15% of SMEs have purchased flood cover, indicating that more than 80% do not have coverage against flood risk. AIG Malaysia said SMEs need to prepare the necessary plan to brace the bad weather. It is important that SMEs take the right steps to protect their businesses in the event of flooding, which has become more prevalent in the country over the years. Major floods have occurred in the country over the past few decades with catastrophic effect, including extensive damages to property, road systems, and agricultural land and crops. Although measures are being taken to mitigate the effects of natural disasters, AIG Malaysia said SME owners must have other initiatives such as the right insurance cover to manage their businesses and have contingencies set in place. AIG Malaysia's SME insurance plan offers 13 types of protection under one policy, which allows SMEs to pick and choose what fits their business. AIG SME provides flood cover via its two main products, namely 'SME Standard' and 'SME Property All Risks' upon request with additional premium.</p> <p><i>(Source: The Malaysian Reserve, 11 November 2019)</i></p>
<p>CAMBODIA</p> <p>Forte Life partners up with Cambodia Investors Corporation</p>	<p>Forte Life Assurance and Cambodia Investors Corporation (CIC) signed a partnership agreement to reduce risks for CIC members. CIC has more than 400 members with most of them are SMEs. The collaboration aims to increase the financial well-being and safety of companies affiliated with CIC. It is centred on risk protection and risk transfer, of which the partnership will help to support the activities of local SMEs. When investors and business people feel safe and have peace of mind regarding the operation of their businesses and their financial future, they are more productive, competitive and able to create jobs. Forte Life Assurance said that SME owners and CEOs are very important people in a business. If something happens to them, it can jeopardise the whole business, which would have a massive impact on the lives of all staff. CIC needs support regarding risk protection and risk transfer mechanisms, so Forte Life Assurance will assume these risks. Forte will also provide funding and technical support to CIC and its members.</p> <p><i>(Source: Khmer Times, 15 November 2019)</i></p>
<p>MYANMAR</p> <p>Social business seeks to boost 100,000 sesame-farming households</p>	<p>Proximity Designs, a social enterprise and one of Myanmar's largest providers of agricultural products and services, aims its service to reach 100,000 sesame-farming households in the next three years. Known as the forgotten crop for its tendency to be overshadowed by the more established rice, sesame is grown in Myanmar's central Dry Zone by an estimated 500,000 farmers. Myanmar is also one of the top exporters of sesame in the world, with even greater export potential, but many factors threaten the livelihood of sesame farmers, such as climate change, labour shortages, pests and diseases. Eight weeks of research was conducted in Myanmar's main sesame growing areas by a team of 10 design researchers. Using a design research approach, the team sought to deliver a deep, human understanding of the problems sesame farmers face and opportunities to overcome them. Over the past 15 years, Proximity Designs has invested heavily in building an understanding of Myanmar's agricultural sector and smallholder farmers.</p> <p><i>(Source: Myanmar Times, 14 November 2019)</i></p>

STAYING TRUE TO THE BRAND

THE economy may be slowing and the retail industry is going through a rough patch, but Al-Ikhsan Sports Sdn Bhd believes this is as good a time as any for it to shine. “If you can grow your business when the economy is down, it shows the strength of the company. As the economy gets tougher, Al-Ikhsan will become more relevant,” says the CEO, Vach Pillutla.

At a time when most businesses are looking to downsize their physical presence, Al-Ikhsan is looking at ways to expand its number of outlets. The company currently has 131 stores under five different retail models. The homegrown sports retailer has carved a name for itself in the market by



selling products from international sporting brands such as Nike, Adidas, Puma and Umbro at an affordable price. They are planning to open 12 to 14 new doors every year, with 80% of its expansion plans focused on the entry- to mid-level concept.

Pillutla notes that unlike most emerging markets, the local retail space has two very distinct segments: the high-end and entry-level segments. “Malaysia is different in the sense that people are either at the top end or at the entry level. There’s very little middle-class. So brands and retailers who try to stay in the middle

of the spectrum don’t do well because consumers who see a middle-class brand are either willing to trade up or trade down. So you either have to be at the upper-end or lower-end of the market,” he explains. Hence, he believes that there is also money to be made at the bottom of the pyramid.

Al-Ikhsan was founded by Ali Hassan Mohd Hassan in 1993 in Johor. His entrepreneurial pursuit started earlier on as a student in Universiti Teknologi Malaysia to fund his studies. When he started the business, he was diligent to ensure that he maximised every opportunity to keep sales going. He built a good rapport with his customers and kept his sports products affordable. Ali Hassan’s success in growing Al-Ikhsan was obvious when the retailer caught the eye of government-linked private equity firm, Ekuinas, which bought a 35% stake in the company in 2016. He and his wife still holds the remaining 65% of the company and he has stayed on as its chairman.

Pillutla thinks the company is only halfway through “what we are really capable of doing”. As long as the sports industry continues to grow, Al-Ikhsan will be able to grow in tandem. Over the next three years, the company will continue to expand into tier-2 and -3 cities. It will also continue its focus on the entry-level concept stores like the Sports Warehouse.

Another thing that the company will be paying close attention to in the coming years is its private label. They hope to make its private label and licences more relevant to the masses as this is a good channel for Al-Ikhsan to have deeper engagement with consumers. “I think our house brand can grow to be a significant brand pillar for us, maybe making up to 30% of the brands we have,” he says. With these strategies in place, the retailer is aiming to keep its double-digit growth every year – a target that Pillutla says is absolutely achievable.

“We see opportunities, we look at our current capabilities and we think in terms of how we can build that capability for future growth. In business, you need data and experience to take a very informed action, so that you’ll have stronger chances of success. We are a homegrown brand, as long as we understand our core, we can have market share,” he says. If all goes well, the company is eyeing listing plans in two to three years’ time.

(Source: The Star, 11 November 2019)

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