SME DEVELOPMENT PROGRAMMES

By: Hilyati Mohd Nasir
Deputy Director
Business Advisory & Support Division
SME Corp. Malaysia
SME Corp. Malaysia established under Small Medium Enterprises Act 1995 (ACT 539) as the single dedicated agency to formulate overall policies & strategies for SMEs and to coordinate programmes across all related Ministries & Agencies.

**VISION**
PREMIER organisation for development of progressive SMEs to enhance wealth creation and social well-being of nation.

**MISSION**
Promote development of competitive, innovative & resilient SMEs through effective coordination & provision of business support.
SME Corp. Malaysia as the **Central Coordinating Agency**

**OUR ROLES & FUNCTIONS**

- **NSDC**
  - Formulation of policies and coordination of SME programmes
  - Secretariat to NSDC
  - One Referral Centre for SME related information
  - Management of SME related data and information

- **Ministries & Agencies**
  - SMEs
  - Business chambers & associations

- **Business advisory and support**
Reporting structure of SME Corp. Malaysia

National SME Development Council

Policy & Coordination

Administrative
SME development
SMEs are the **backbone** of the economy

97.3% (645,136) business establishments in the country are SMEs

- **Medium**: 3%
- **Micro**: 77%
- **Small**: 20%

**SME contribution to:**

- **Exports**: 17.8%
- **Employment**: 65%
- **GDP**: 35.9%

**SMEs cut across all sectors of the economy**

- 90%: Services
- 5.9%: Manufacturing
- 3%: Construction
- 1%: Agriculture
- 0.1%: Mining & Quarrying

*Source: Department of Statistics Malaysia and SME Corp. Malaysia*
New SME definition in 2014 takes into account changes in the economy

- **Manufacturing**: Sales turnover ≤ RM50 million OR full-time employees ≤ 200 workers
- **Services & other sectors**: Sales turnover ≤ RM20 million OR full-time employees ≤ 75 workers
- **Locally incorporated** under Companies Act 1965; or
- **Registered** under ROBA (1956) or (LLP) Act 2012; or
- **Registered** under respective authorities in Sabah & Sarawak; or
- **Registered** under respective statutory bodies for professional service providers.

- **Not public-listed company** in main board in Malaysia or other countries
- **Not a subsidiary** of public-listed company in main board in Malaysia or other countries
- **Not a subsidiary** of large firms, MNCs, GLCs, Syarikat Menteri Kewangan Diperbadankan (MKDs) and State-owned enterprises
Initiatives
Efforts will focus on developing SMEs as the engine of growth & innovation.

Promote development of dynamic, competitive and resilient SMEs in all sectors towards increasing SME contribution to the economy.

SME Corp. Initiatives

- **Advisory Services**
  - One Referral Centre
  - Business Coaches & Councilors
  - SME Expert Advisory Panels (SEAP)

- **Capacity Building**
  - Business Accelerator Programme (BAP)
  - Enabling e-payment services
  - SME@University
  - SME Mentoring Programme
  - Skills Upgrading

- **Technology & Market**
  - 1-InnoCERT
  - National Mark of Malaysian Brand
  - Industrial Linkage

- **Financing**
  - Soft Loan for SMEs

- **Monitor & Evaluate**
  - SCORE & M-CORE
  - Impact Analysis Programmes
  - Macro performance indicators

- **Enabling e-payment services**

- **Skills Upgrading**

- **National Mark of Malaysian Brand**

- **Industrial Linkage**

- **SCORE & M-CORE**

- **Impact Analysis Programmes**

- **Macro performance indicators**
WHAT IS SCORE?
- Diagnostic tool to assess performance and capabilities which is used to rate and enhance competitive-ness of SMEs.
- Developed in August 2007.

FUNCTIONS
- Identify strengths and weaknesses for improvements.
- Selection criteria for potential business linkages.

CHARACTERISTICS
- 0 - 2: Very basic business operation
- 3 - 5: Competitive and export-ready

WHAT IS SCORE?

Business Performance
Financial Capability
Management Capability
Production Capability
Technical Capability
Quality System
Innovation

Example of Radar Diagram for 3-Star company

Analysis:
Weak in financial capability

Assistance:
Requires training in financial management & improvement in quality management
Enhancement of **Capacity & Capability** of SMEs

**Business Accelerator Programme 2.0 (BAP 2.0)**

- Enhance capabilities of SMEs through business advisory & support
- Programme supports a wide range of capacity building initiatives
- Two types of financing available namely Grant & Soft Loan

**GRANT**

- **SCOPE OF GRANT**
  - 40% of total approved cost
  - Eligibility is based on single business entity
  - Tenure: up to 12 months
- **FINANCING LIMIT**
  - RM50k – RM1 mil
  - Up to 90% margin of financing
  - Interest rate at 4%
  - Tenure up to 10 years

**SOFT LOAN**

- **SCOPE OF FINANCING**
  - Certification & Quality Management System
  - Packaging
  - Productivity & Automation
  - Branding & Promotion
  - Innovation & Product Development
  - Purchase of Machinery
  - Online apps, E-Commerce & ICT apps
- **SCOPE OF FINANCING**
  - Purchase of machineries & equipment
  - Working capital

**In collaboration with**

[Logo of SME Bank]
BAP 2.0 - Financing

1. Matching Grant

40% of the total approved cost (with amount of financing to be determined by SME Corp. Malaysia)

Eligibility of financing is based on single business entity

Tenure: Up to a maximum of 12 months

Scope of Financing

- Certification & Quality Management System
- Packaging & Product Packaging
- Innovation, Product Development
- Purchase of Machinery & Equipment (40% grant of the total cost with maximum grant of RM50,000 per company)
- Online Applications, Mobile E-Commerce, E-payment & ICT Applications

Scope of Grant

- Branding development and promotion
- Productivity & Automation

Reimbursement basis
BAP 2.0 - Financing

2. Soft Loan

Financing Limit
RM50,000 – RM1,000,000

Financing: Up to 90% margin of financing (refinancing is not allowed)

Interest Rate: 4%

Tenure: up to 10 years (incl. Grace period)

Scope of Financing
Purchase of machineries & equipment (including main software for services sector and commercial vehicles)

Working capital [stock purchases/ raw material/ purchasing of package/ packaging materials/ renovation/]

**BAP 2.0 – Eligibility Criteria**

- Fulfill SME Definition
  - Incorporated under Registration of Business Act 1956 or Companies Act 1965 / LLP Act 2012 / Ordinan Perniagaan, Profesion & Perlesenan (only for Sabah & Sarawak)
  - At least 6 months in operation
- Valid business license / premise
- Must undergo SCORE or M-CORE assessments
- At least 60% Malaysian Equity

**Sectors**
- Manufacturing & Manufacturing Related Services
- Services
- Agriculture (Agro-based Products)
BAP 2.0 – Application Process

*SME Corp Malaysia will assess the application based on company’s needs for improvement in business capabilities. All applications are subject to approval by SME Corp Malaysia.

Requirement for financial assistance will be considered in the form of matching grant or loan schemes.

2. Answer relevant questions related to Eligibility

3. Complete online application form in the Company Profile System

4. Click “NEXT” and applicant will be notified by E-Resit (pop-up notification) together with checklist document, important information on the programmes (Appendix I) & Business Summary Form

5. Please observe the content of (Appendix I), fill up Business Summary Form, Supporting Documents and submit within 21 working days from the online submission date.

All the above mentioned documents must be received by SME Corp Malaysia within 21 working days from the date of online application, failing which the application will be considered incomplete and the evaluation process will not be continued.
BAP 2.0 – Claim Process

This process is applicable once application has been approved under the BAP

**Applicants submit claim**  
Verification  
Disbursement

**For expenses incurred on the approved improvement activities under BAP**
SOFT LOAN SCHEME FOR SME (SLSME)

Assists SMEs in project, fixed assets and working capital financing

- Maximum financing of RM5 mil & Minimum Financing of RM50k
- Interest at 4% per annum

SME EMERGENCY FUND (SMEEF)

Assists SMEs that are adversely affected by natural disasters

- Covers working capital, purchase of machineries, equipment, raw material and refurbishment of premises

SHARI’AH COMPLIANT SME FINANCING SCHEME (SSFS)

Financing assistance whereby the Government pays 2% of the profit rate charged on the financing provided by participating Financial Institutions
SME@University Programme
SME Corp Malaysia in collaboration with Pembangunan Sumber Manusia Berhad (PSMB) and Universities have established the SME@University Programme.

Structured learning opportunity in Universities, aims at developing capable CEOs of SMEs to experience, expand knowledge on entrepreneurship and business tools from theory and methodology to applied skills.

ELIGIBILITY CRITERIA

1. SCORE Rating of 1 Star and above
2. SMEs in all economic sector except financial services
3. SMEs incorporated under Companies Act 1965 / Registration of Business Act 1956, and fulfill New SME Definition
4. At least 60% Malaysian Equity
5. Valid business: Acquire business license from Local Authority and operating in valid business premise

1 mini semester: 3 months
Target group: CEOs, MDs, Directors

MODULE 1
World-Class SMEs Leadership and Managing Performance

MODULE 2
Effective Human Resource Management for SMEs

MODULE 3
Creative Marketing and Business Success

MODULE 4
Accounting and Finance for CEOs

MODULE 5
Entrepreneurship and Business Networking

MODULE 6
Business Opportunities, Growth & Modeling

MODULE 7
Law and Ethics

MODULE 8
Effective Operations Management

MODULE 9
SPECIALISED MODULE

Interactive
Semi-Coaching
Semi-Consulting
SMEs Case Study

OBJECTIVE
To improve entrepreneurship skills among the entrepreneurs through specific Training Programmes based on the Training Model of Japan SME University

TARGETED OUTPUT
Specific Training programme modules which includes case study assignment & sharing of experience of success entrepreneurs.

DESIRED IMPACT
Develop capable entrepreneurs that will drive diverse management innovation and creativity in developing business acumen.
## SME@University Programme

<table>
<thead>
<tr>
<th>CENTRE</th>
<th>LOCATION</th>
<th>SPECIALISED MODULE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME@UKM</td>
<td>Bangi, Selangor</td>
<td>Green Business</td>
</tr>
<tr>
<td>SME@UITM</td>
<td>Shah Alam, Selangor</td>
<td>Business Innovation</td>
</tr>
<tr>
<td>SME@UPM</td>
<td>Serdang, Selangor</td>
<td>Business Champion</td>
</tr>
<tr>
<td>SME@IIUM</td>
<td>Gombak, Selangor</td>
<td>Business Across Border</td>
</tr>
<tr>
<td>SME@UMK</td>
<td>Pengkalan Chepa, Kelantan</td>
<td>Succession Planning</td>
</tr>
<tr>
<td>SME@HELP University</td>
<td>Damansara, Kuala Lumpur</td>
<td>Entrepreneurial Leadership</td>
</tr>
<tr>
<td>SME@UUM</td>
<td>Sintok, Kedah</td>
<td>Business Sustainability</td>
</tr>
<tr>
<td>SME@UMS</td>
<td>Kota Kinabalu, Sabah</td>
<td>Business Value Added</td>
</tr>
<tr>
<td>SME@UNIMAS</td>
<td>Kuching, Sarawak</td>
<td>Business Digitization</td>
</tr>
<tr>
<td>SME@UTM</td>
<td>Skudai, Johor</td>
<td>Technopreneurship</td>
</tr>
</tbody>
</table>

### PROCESS FLOW

1. **Application**
2. **Screening Test by University**
3. **Training Course (3-Month)**
4. **Certification of Attendance**
5. **Monitoring Stage by University & SME Corp.**

**Commitment Fee**
- **Of RM2,500**
- Will be FULLY REFUNDED upon successful completion
Facilitating SME linkages

Retail
- TESCO
- AEON
- Giant

Aerospace
- BAE SYSTEMS
- BOEING
- RAFALE

SMEs
Objective of Programme

Enhance the visibility of Malaysian products and services in both local and international markets

Recognise the local products and services that are high quality and equivalent to the established brands

Benefits

- Incentives from SME Corp Malaysia for qualifying SMEs
- Privileged Media Coverage
- Access to ongoing local and international trade promotion and A&P activities by MATRADE
- Invitation to specific training opportunities organised by SME Corp. Malaysia and its partners
- Green lane for Business Accelerator Programme (BAP) assistance under SME Corp
Innovation Certification for Enterprise Rating and Transformation (1InnoCERT)

Identifying SMEs’ innovative capacity and capabilities...

- Innovation Certification for Enterprise Rating and Transformation
- Adopted from the Korean InnoBiz

- Foster and support innovation led SMEs to chart higher value added and growth potential to contribute toward High Income Nation

Diagram:
- Technology manufacturing ability
- Ability to develop products using Technology
- Marketing ability
- Outcome of Technology
- Competitiveness Progress
- Technology management result
- Technological Achievements (forecasting)
- R&D activity index
- Technology Innovation System
- Technology Innovation Administration
- Technology Accumulation System
- Technology Analysis Ability
- Management’s innovation ability
- Ability to respond to changes
- CEO’s sense of values
What is **E50**?

A prestigious award programme that recognises the achievements of Malaysia’s enterprising small and medium companies.

50 winners are selected from their financial capabilities, operations and management skills, amongst the nominations received.

**BENEFITS OF THE PROGRAMME**

- Receive an Enterprise 50 award trophy & certificate at the award dinner
- Automatically nominated to the Prime Minister’s Industry Excellence Award Programme, the National Productivity Award & National Women Entrepreneurs Award
- Able to use the Enterprise 50 logo on corporate collaterals
- Be featured in the Enterprise 50 homepage www.e50.com.my
- Receive media coverage from Business Times, Media Prima, Malaysia SME & other media
- Be part of the Enterprise 50 Alumni
SMIDEX:

- providing SMEs with a world-class interactive platform for networking opportunities,
- fast-tracking SME business growth by providing business enablers under one roof,
- educating SMEs on the latest government direction and policies to propagate SME development as well as programmes for SMEs.
- gathering information on business regulations and best practices
SMIDEX 2016
SME Annual Showcase

The SHOWCASE

Over 300 exhibitors

10,000 trade visitors

10,000 m² of exhibition space (Hall 1 - 5)

Variety & Spectrum of SME’s Products, Services & Technologies

- Distributive Trade, Logistic & Transportation,
- Food & Beverages, Textile, Apparel and Leather,
- ICT and online business, consumer goods

Local & International Participation from:
- MNCs
- SMEs
- Policy Makers
- Govt. officials
- Industry Experts
- Investors
- Research Institutions
- Training providers

Electrical & Electronics - SSL / LED - Biotechnology - Machinery & equipment - Engineering support & services - Green Tech
SMEs centre for advisory on programmes and initiatives

Business Advisory Services

ORC Link in collaboration with Government Agencies and other parties

Pocket Talk

Resource Centre

Info Centre - Info Line (1-300-30-6000) and Info Email (info@smecorp.gov.my)

Available information channels
Outreach and hand holding at 11 states offices...

3 main functions of states offices:
- Education and awareness
- Support implementation of SME programmes
- Surveillance
One Referral Centre
Business Advisory Services (BAS)

INFOLINE
1-300-30-6000

VIRTUAL SME INFORMATION CENTRE
www.smecorp.gov.my

Find us on Facebook
SME Corp. Malaysia

THANK YOU

Mobile App