

DFTZ will see SME e-commerce surge

► cilitation and guidance on e-commerce solutions via its e-Business Centre.

Similarly, the GoGlobal Malaysia (#MYGoGlobal) initiative is helping SMEs in Malaysia to explore new markets by digitalising and equipping them with the right knowledge and tools. This public-private partnership, led by Google and its industry partners, with the support of the Government through MITI, SME Corp. Malaysia and MATRADE, empowers SMEs to build up their business capabilities, connect with digital ecosystem partners, promote international exports, and grow to be globally competitive companies.

A most exciting initiative to propel the growth of Malaysian SMEs through e-commerce is the establishment of the world's first Digital Free Trade Zone (DFTZ), a strategic collaboration between Malaysia and world-renowned internet and e-commerce companies, Catcha Group and Alibaba Group. Led by the Malaysia Digital Economy

Corporation (MDEC), together with SME Corp. Malaysia and MATRADE, the DFTZ will provide physical and virtual zones to facilitate SMEs to capitalise on the convergence of exponential growth of the internet economy and cross-border e-commerce activities.

It will act as a microcosm to support internet companies to trade goods, provide services, innovate and co-create solutions. With the DFTZ, not only will we see a surge in SME e-commerce exports, it will also have positive spill over effects on the Malaysian economy as a whole, as it will create an ecosystem that drives innovations in e-commerce and other internet economy innovations, driving new investments into the country. By end October 2017, through various SME onboarding initiatives, including a series of DFTZ SME Onboarding Workshops, currently undertaken by the 3 agencies nationwide, a total of 1,500 SMEs are targeted to embark on Alibaba.com, DFTZ's first strategic partner.

I must say that going around on the ground and trying to convince our SMEs to get on digital platforms is not a bed of roses. Bill Gates said that "People always fear change. People feared electricity when it was invented, didn't they? People feared coal, they feared gas-powered engine. There will always be ignorance, and ignorance leads to fear. But with time, people will come to accept their silicon masters."

By the same token, I believe that Industry 4.0 evokes fear now, but in time, people, the industry and SMEs will be far from fear. They will gain better insights, understand true potentials, recognise the need to evolve and be champions of this new era of far-reaching change. I am confident that Malaysian SMEs will not only catalyse change, but will be in the forefront of such change. For registration and details on DFTZ SME Onboarding Workshops, please visit: <https://mydftz.com/sme-onboarding>. **MSME**

Industry 4.0 is not only about smart and connected machines or systems; it is a fusion of technologies - from gene sequencing to nanotechnology; from conventional to quantum computing; from tradition to digital supply chains. What's promising is that Industry 4.0 will help elevate the industry by enhancing efficiency, productivity, return on investments, technology convergence and adoption of megatrends."

What got you here, won't get you there

What Got You Here, Won't Get You There' is the title of the 2007 best-selling book by Marshall Goldsmith and Mark Reiter. It was written to help senior management (Leaders) realize they needed new skill sets - motivating, leading, monitoring - which were often different to the "doing" skills they had excelled at! Managers typically got promoted because they were successful with their sales or technical skills. These were more the doing, rather than the grooming or supporting skillsets now required with their expanded and more senior roles.

This theme of "What Got You Here, Won't Get You There" is not uncommon and I find relevance to the SME community in Malaysia. Many of the founders are now ceding control to their children. The Malaysian economy is primarily made up of SME's and therefore their continued success is critical to the wellbeing of the coun-

try. SME's account for 98.5% of all business establishments in 2016. According to statistics from SME Corporation, they account for almost one million business.

The challenge for these 907,065 business owners is straightforward; how do they grow the business and keep it sustainable? Whilst we read of the entrepreneur driven technology companies, as well as cafés, food delivery, shopping, etc. the bulk of our SME companies have been built over several years. These companies are mainly in services (89.2%) but also in manufacturing, distribution, retail, construction, agriculture and it has taken a long period of +20 years to achieve success.

All have been built from scratch, with the sweat and toil of the founder entrepreneurs (then called businessmen) who seized on market opportunities, and with a focused approach built their business, as they say, one brick at a time. They

did not benefit from "internet valuations" and so invested their own money, struggled to get bank loans. This experience moulded the views on how a business should be built and operated.

Are their business sustainable though? Times have changed and whilst all of the businesses have embraced the internet and newer technologies, many are operating with Web 1.0 strategies. That means, get a website up that replicates an enquiry form, spend a little money on digital marketing and rely on "word of mouth". You only need to spend an hour with Google to realize that internet marketing has become increasingly sophisticated. Where you spend your advertising dollar makes a big difference in your Return on Investment (ROI). For sustainability then, SMEs therefore have to upgrade their internet marketing skills.

Look on the popular internet sites of 11th Street and Lazada and you will see the number of products available from overseas suppliers. These companies are all playing for a piece of the Malaysian market, which means that as consumers we can expect better prices, but for suppliers are going to see shrinking margins. Recently I was looking online for stainless steel shelving and was blown away with the huge number of options. Prices were so cheap I wondered if the stuff was even real!

Technology in marketing is a critical factor, just as the adoption of

technology in production is critical to improve quality and reduce cost. New products, processes and materials need to be experimented with to meet with evolving consumer preferences. We see so many new artisan coffee shops competing with the more established multi-store brands. Many are independently run, some roast their own coffee and collectively they are gaining market share. In personal care, we have a number of small independent brands emerging. In home appliances Dyson has led a wave of new product designs in fans, hand dryers, vacuum cleaners, etc.

You can see new colors and designs of blenders, kettles and other household appliances. The challenge therefore is for the older companies with retail products is how do you stay relevant, from a product, brand and distribution perspective. The Qu Digital initiative by MalaysiaSME is one way to embrace the digital world.

The other, though more pressing

issue for the second generation is how do you change the mindset or DNA of the organization. They achieved success by being efficient, cost competitive and perhaps staying with what's known and over time have probably stopped experimenting. They have become tightly run, with loyal staff who look up to the boss because he "always has the answer".

When the second generation takes over, the boss is new and so is the business environment and new answers will need to be found, some experimentation required. Will the old guard respond and support new boss? Will long established suppliers heed the new demands of the business? Does the young one know how to motivate, encourage and lead his people in this new world? Only time will tell. The skills they need will be different to the ones of the previous generation, hence; what gets you here, won't get you there. **MSME**



Walk the talk

Anwar Jumabhoy

Anwar is a Speaker and Coach. He has over 30 years of senior management experience across a wide range of industries. Until May 2015, Anwar was Director of Operations at Tune Hotel Group. Anwar's articles have appeared in publications of the Canadian Institute of Management, Edge Weekly and the online publication, Digital News Asia. His book, 9 Entrepreneurisms: Management Practice for a VUCA World is available at MPH and other bookstores. You can follow him on Twitter @anwarjumabhoy and on LinkedIn.

When the second generation takes over, the boss is new and so is the business environment and new answers will need to be found, some experimentation required."