

Publisher: Johnny Yeh
Editor-in-Chief: Chia-Yen Yang
Published by APEC SME Crisis Management Center
Website: <http://www.apecscmc.org>
Email: apecscmc@tier.org.tw
Supervised by Small and Medium Enterprise
Administration, Ministry of Economic Affairs,
Chinese Taipei



**APEC SME
Crisis Management Center**



APEC SME Monitor

ISSUE **3**

JULY 2012

Contents

Foreword	01
SME Development	02
SME Challenges	04
SME Policy	07
Expert Perspectives	11
SME News	13



Foreword

This issue of APEC SME Monitor provides diversified articles for the SMEs. In the first section “SME Development”, there are surveys on the environment and resources required for incubating and guiding start-ups with a focus on establishing design companies in Chinese Taipei. Furthermore, several suggestions based on the result of the surveys are offered for future incubation and guidance to start-ups in the design industry.

In the “SME Challenges” section, the expert emphasizes the policy challenges to SME resilience in the US and identifies four key issues of resilience requiring national level policy and program attention. Moreover, he mentions five policy recommendations to increase SMEs’ resilience.

In the “SME Policy” section, while pointing out the vulnerability of the Philippines, our expert introduces the most recent developments in aid of disaster management in the economy. Although the Philippines has managed to address the challenges posed by natural disasters, much is still desired to improve the disaster risk management system and performance in the entire archipelago. Another article to be noted is the increase in the carbon price in Australia. The policy will create new job opportunities across a range of industries. The issues of renewable energy and energy efficient equipment will be emphasized. This change will create flow on opportunities for a whole range of SMEs.

In the “Expert Perspective” section, the topic of “SMEs’ servitization of manufacturing” is discussed. The expert refers that the key to the manufacturing servitization is the mode of operation. He identifies several fundamental topics to create new industrial values.

In the “SME News” section, to enhance SMEs’ capacities in transporting goods and cost-efficiently as well as to promote Business Continuity Plans, Chinese Taipei held “APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently”, the “APEC Focal Point Network and Expert Meeting on Improving SME Disaster Resilience”, and the “APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs’ Participation in Global Production Chains” in July. Over 40 foreign representatives and experts from 20 APEC economies were invited to share their experience and interact with over 400 participants. We provide a complete report of the serial events.

This monitor will keep focusing on all the major global trends, helping SMEs be aware of possible risks and influence with appropriate measures.



Johnny Yeh
Executive Director
APEC SME Crisis Management Center



The Business Incubation and Guidance on Start-ups of Design Industry in Chinese Taipei

The design industry in Chinese Taipei has shining performances lately. It has witnessed booms in recent years and been honored several international design rewards. As a growing number of students apply for design majors and the promotion of cultural and creative industry development plan, which is part of the development plans for six key emerging industries, more and more human and material resources are introduced into the design industry. This article surveyed environment, policies and resources required for incubating and guiding start-ups by focusing on 12 established design companies, including New Design Dimension, Exp Design Studio, biaugust DECO, Bright Ideas Design, JIVA Design, Fenice Design, AGUA Design, A. C. Design Associates, urban prefer, Techart Group, Mo Design and Good Studio.

The survey results reveal that there are great differences between targeted quality of employees in the design industry and personnel in other industries. Besides, the process of cultivating know-how in the design industry is not similar to that in other industries. Therefore, in order to guide new designers to start their own businesses, special concerns are required when considering working environment, requirements for start-ups, production and industry circumstances.

The article offers several suggestions below as references to future incubation and guidance on start-ups of the design industry.

1. Constructing a perfect environment for starting businesses in the design industry

Most participants in the design industry believe that there are still rooms for improvement in environment and system of the industry. Besides, related policies and regulations are not clear and transparent enough so that gaps still exist in the service for the design industry. A proper working environment, such as incubation centers or creative parks, can nurture those designers by its relatively matured facilities and equipment, putting aside major disturbance that worries designers. A similar environment as mentioned above and infrastructures such as databases, book resources, spaces for trading, places for performances or exhibition



Linber Cheng-Min Huang

Deputy CEO
Taiwan Design Center

Research Focus

- Industrial Design
- Cultural Creative Industry
- Business Incubation



Chih-Yen Huang

Assistant Professor
Graduate Institute of
Landscape and Recreation,
Feng-Chia University

Research Focus

- Local Economic
Development
- Business Incubation
- Entrepreneurship and
Innovation Management

are stepping-stones for incubation policies, as well as an essential gear wheel for constructing a complete network for the design industry.

2. Establishing system for incubating and guiding the design industry

In the process of starting a business, various resources, such as human resources, funds, techniques and office facilities, are required and each of them is key cost an entrepreneur needs to take care of. However, new entrepreneurs might not have accesses to these elements or not understand the timing of introducing these essentials in different stages when starting a business. At this time, a proper guidance can directly lower their costs and risks. Therefore, establishing a system for guiding the design industry, as well as providing complete support and promotion policies according to professionalism and industry characteristics of design industry are major requirements of design industry and this system could be a model when guiding other industries in the future.

3. Offering resources and models for guiding the design industry

There are four empirical indicators of the potential of firm resources to generate sustained competitive advantage- value, rareness, imitability, and substitutability; these are exactly the quality that the design industry possesses. However, players in the design industry might not be capable of allocating available resources in markets, especially entrepreneurs who just enter the industry. If the government can support sufficient resources, provide proper guidance and introduce guiding model for incubation professionalisms, it will be effective for the government to assist proper development of the design industry. According to the trend of dividing design industry to several sub-industries, the government should support different resources and guidance models to meet distinct quality of various sub-industries.

Because design industry has witnessed booms in recent years, it is expected that a professional incubation center be established in near future. Except for inner resources, it is necessary to help the design industry form a link between the industry and outer resources so that the most up-to-date service can be provided. Hope that with the help of an effective incubation system, the design industry can get a full use of its innovation and uniqueness, not only helping each industry to create new style and new value during the period of industry transformation in Chinese Taipei, but also promoting popularity of products in international market. [SCM](#)

Policy Challenges to SME Resilience in the US

There is a global consensus that the SME sector is the "backbone" of both high-income economies, such as the US, and increasing critical for the development of lower-income economies - key components of the US industries. The economic importance of SME's to the economy of the US is demonstrated by the fact that within the US economy SMEs account for more than 60% of all firms, employ slightly over half of the private sector's employees, pay about 44% of the total private sector payroll, and contribute approximately 50% of the US gross domestic product (GDP) generated by the nonagricultural sectors. Perhaps most importantly the US SMEs make a major contribution to the growth of the US industrial innovation and technology and therefore are major drivers of overall socio-economic development. Ensuring the resilience i.e. "the ability to deliver predictable performance in the face of ongoing volatility and periodic disruption" of the US SMEs in the manufacturing supply chain is critical to both the US and the global economy. However, despite the importance of SMEs in the US supply chain their short-to-long term resilience is increasingly challenged by inadequacies in both national and corporate policies and programs.



Allen L. Clark

Senior Fellow
East West Center

Research Focus

- Disaster management and risk and vulnerability assessment
- Disaster economics
- Management of national and international resource programs
- Social-cultural-environmental impact assessment

Disasters of the last decade, both natural (Indian Ocean Tsunami, Hurricane Katrina, Tohoku, Japan and Thailand Flooding), technological (Eastern US/Canada Blackout, Gulf of Mexico Oil Spill) and human (global economic crises 2008-2011) have all impacted directly and indirectly on the SMEs of the global supply chain and that of the US in particular. Importantly, these disasters have shown in every case that even the most supposedly resilient economies e.g. the Canada, Japan and the US and Japan have been inadequately prepared to effectively cope such events. More importantly the "ripple effect" of these disasters through the global supply chain and that of the US specifically clearly demonstrated that there were, and continue to be serious, and interlinked, deficiencies in national and corporate policy and programs for ensuring the long term resilience of the supply chain overall (national issues) and SMEs specifically (corporate issue).

National Resilience Issues:

Numerous institutions, universities and private sector companies have evaluated the key issues that impact on the present and long term needs and resilience of the US SMEs. These analyses have identified four key issues of resilience requiring national level policy and program attention:

Resilience Issue 1: Inadequate and declining support for Research and Development (R&D) which (a) dramatically reduces the both the research needed for the identification and development of new technologies overall and (b) reduces external support for SME "adaptive R&D", vital for the transformation of basic R&D developments into new and innovative product lines and applications-

even in cases in which such initial R&D developments are otherwise essentially a "free good" to the SME.

Resilience Issue 2: A general lack of access of SME firms to financing under affordable terms. Closely related Resilience Issue 1 above is the lack of access to affordable financing at the corporate level of the SME with which to undertake its own productive investments- often in R&D innovations, applications development and implementation noted above but more importantly for simple, but critical, corporate diversification and expansion.

Resilience Issue 3: Inadequate supply of skilled workers in an ever-increasing constraint for the resilience of SMEs at two levels. First, at the entry level there is an existing and widening need for initiatives and programs that will provide an adequate supply of better educated (high school and post high school) trained entry level workers. Second, within SMEs there is a large and growing need for long-term and "skill development" training of present workers, at all levels, to continually equip them to adapt to, and further collaborate and continue to designing and implementing innovative products and processes in the workplace.

Resilience Issue 4: The lack of public policy for "Enhanced Competiveness" at two levels.

- Level 1, where policy must foster resilience through a "shared responsibility" of industry, workers, unions, and government for creating and maintaining a high-wage, innovative, export-intensive, and environmentally sustainable SME sector.
- Level 2, where "enhanced competitiveness" is fostered by a policy that supports SME' s in the adoption of "high-road" strategies that harness the knowledge of all workers, supports high productivity and ensure high wages and leads to the creation of the US SME' s that are more competitive internationally.

The above actions are designed primarily to define and create an enabling framework of policies and programs to foster the growth, sustainability and resilience of the SME sector of the US. However, as noted earlier the 2008-2011 fiscal crises, associated Tohoku disaster and Thailand floods demonstrated that the resilience of the US supply chain, and the SMEs that comprise it, is at best a "work in progress". For the US supply chain SMEs to increase their resilience consideration should be given to adopting the following policy recommendation, directly related to the national resilience issue above, as central to achieving a higher level of resilience for both "good" times and "bad" times:

1. Adaptation with a focus on the future

- a. Develop and maintain plans that facilitate the maintenance and/or the recovery of key resources- people, processes, technology, facilities, and clients
- b. Continuous investments in skilled personnel and recovery capabilities

2. Maintenance of facilities, processes, and recovery solutions

- a. Downsizing capacity but not capability
- b. Develop and maintain an ability to move supplies and production among plants and clients

3. Real- time management of crisis and event responses

- a. Expect the expected- Plan for the unexpected
- b. Development of generic and inter-changeable parts

4. Increase effective management of internal and external interdependencies

- a. Reduce single-points of reliance/failure
- b. Cross training of personnel

5. Testing, train, and validate business continuity and recovery capabilities

- a. Design products and processes for maximum postponement of operations and decisions

Finally, the critical underpinning of corporate resilience is a complete and clearly designed plan for Business Continuity Management (BCM). However, a 2011 Business Continuity Institute global analysis of supply chain resilience, based on 550 companies from 60 economies (including a large number of the US companies) found that:

- Only 7% of companies studied were certain that their suppliers had BCM plans
- Less than 50% were confident that 50% of their suppliers had BCM plans and
- 15% were confident that no more than 10% of their suppliers had BCM plans

Clearly, and unfortunately there is a critical need to more fully develop and implement BCM plans within more the US SMEs. Although this goal is presently elusive at best, for a wide range of reasons and for a large number of SME, it does define a major goal against which to measure the resilience of the US SMEs. [SCMC](#)



►► Enhancing Resilience to Natural Disasters: The Case of the Philippines

The World Risk Report 2011 sends a strong message to the Philippines and to many economies in the Pacific rim. Out of the 173 economies that were assessed, the Philippines ranks third in disaster risk while other neighboring economies like Bangladesh and Cambodia belong also to the top ten vulnerable economies in the world (Table 1). For Filipinos, this report reinforces the clamor for a comprehensive natural disaster risk reduction program and creative emergency response system that could abate damages in the future.

To reiterate, the economy experiences an average of 20 typhoons and more than one-third of these are destructive. It is host to 300 volcanoes, 22 of which are active, as well as active faults and trenches that are potential sources of earthquakes. Prominent of the disasters in the past include the St. Bernard, Guinsaugon, Southern Leyte landslides tragedy in February 2006, massive devastation by tropical typhoon Xangsane in September 2006, onslaught of successive tropical typhoons Ketsana and Parma in September 2009, and damaging flashfloods caused by typhoon Washi in Cagayan de Oro in December 2011. How could one easily forget the deadly Mt. Pinatubo eruption in June 1991 which was considered the second largest volcanic eruption in the world in the 20th century. These natural calamities meted out damages to capital assets and infrastructures such as roads, bridges, and power and communication lines; undermined private investment initiatives; disrupted growth and flow of goods and services such as in production, marketing and distribution of commodities; expunged the livelihoods of many micro-enterprises where poor Filipinos depend on; caused diversion of funds to pay for reconstruction and recovery efforts; and, claimed thousands of lives. In the past two decades, the average annual damage from disaster amounted to about 0.5% of the economy's gross domestic product (GDP).

Notwithstanding, the lessons from natural disasters are enormous. Conspicuous is the fact that while natural disasters are inevitable, the damage can be minimized, if not totally avoided, when preemptive and effective mechanisms against natural hazards and vulnerability are put in place. Actually, experience points out that even if significant headway in natural disaster management has been already achieved, risks and susceptibility



Salvador P. Catelo

Professor

College of Economics and Business University of the Philippines Los Baños

Research Focus

- Production economics
- Farm management, policy and development
- Global food systems and safety

Table 1. World Risk Index, 2011

Economy	World Risk Index	Rank
Vanuatu	32.00	1
Tonga	29.08	2
Philippines	24.32	3
Solomon Islands	23.51	4
Guatemala	20.88	5
Bangladesh	17.45	6
Timor-Leste	17.45	7
Costa Rica	16.74	8
Cambodia	16.58	9
El Salvador	16.49	10

Source: United Nations University Institute for Environment and Human Security

to damages remain high due to the calamities' magnitude and suddenness of occurrences.

Cognizant of the vulnerability to natural disasters, the economy's disaster management system is carried out at various political subdivisions and administrative regions of the economy. The National Disaster Coordinating Council (NDCC) which is the highest policy-making body for disaster risk management pursues a comprehensive disaster management framework that encompasses disaster risk reduction/mitigation and preparedness in the pre-event, and disaster response and rehabilitation/recovery in the post-event. Specifically, its action plans are anchored on a four-point agenda, namely, (1) public information campaign on disaster preparedness; (2) capacity building for local government; (3) mechanism for government and private sector partnership in relief and rehabilitation; and, (4) enhancement of emergency response capability through training and development of a national incident command system.

While the economy has managed to address some of the challenges posed by natural disasters across sectors and locations, much is still desired to improve the disaster risk management system and performance in the entire archipelago. In the study by the World Bank that looked at the disaster risk management in East Asia and the Pacific Region, particularly the Philippines, the following observations were echoed: 1) disasters are being dealt within manners that are ad-hoc and response-oriented; 2) information on disaster risk is lacking and measurement of socio-economic impact of disasters is inadequate; 3) NDCC members and local government units (LGUs) have limited risk reduction capacities; 4) efforts by donors, multilateral and civil society are poorly coordinated and generated little effects, and 5) the government bears majority of the cost of disasters. Accordingly, resilience in communities comes from reducing vulnerability to hazard impact and building capacity to deal with them when they occur. The World Bank advocates for a change in emphasis from a reactive, preparedness/post-disaster recovery approach to a more proactive, risk reduction approach. The economy is no different from this principle and has come up with a road map which will hopefully sustain Disaster Risk Reduction (DRR) initiatives in the economy and promote good practices of LGUs, organizations, the private sector and individuals.

One of the most recent developments in aid of disaster management in the economy is the Senate Bill 2811. It proposes the creation of a People's Survival Fund (PSF) that will provide the seed capital in achieving the objectives of the Climate Change Act of 2009. Under the bill, some PHP 1 billion shall be appropriated yearly to fund local governments and communities' climate change adaptation activities. Among the foci of expenditures is the improvement of the economy's forecasting and early warning systems against climate change-related hazards and the monitoring and prevention of diseases triggered by climate change.

Preemptive actions require excellent diagnosis and prognosis. To date, however, timely, relevant, reliable and regular pieces of information that are preconditions to disaster risk management are lacking. Although a number of Doppler radars have been acquired to enable the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) to give accurate local weather forecasts, some LGUs either remain short in technical capacity or lack access to facilities and equipment that could address the natural disaster information needs. As Dolcemascolo (2011) puts it, "Establishing a good national disaster loss database is an essential step. When impacts of disasters are recorded and probable future losses are calculated, governments are better equipped to weigh the cost and benefits of disaster risk reduction and invest accordingly." In other words, it may not only hasten a better understanding of risks from natural hazards in the broad economic development perspective but congruently enable better identification and provision of cost-effective pre- and post-disaster instruments. Such could also support a clearing house of disaster-related data that could be shared across the APEC region. [SCM](#)

Carbon Price and the SMEs in Australia

From 1 July 2012 a carbon price will come into effect in Australia. The carbon price will commence at AUD 23/tonne in 2012-13. In each of the next two years it will increase in line with inflation to reach AUD 24.15/tonne in 2013-14 and AUD 25.40/tonne in 2014-15. From 1 July 2015, the carbon price will no longer be fixed by the Australian Government but will be set by the market forces. In other words, the carbon price will move towards an emissions trading scheme on 1 July 2015. The carbon price mechanism will cover facilities which directly release more than 25,000 tonnes of carbon pollution a year into the atmosphere. The government has estimated that Australia's biggest polluters will be liable given this 25,000-tonne threshold.

According to the Government (see <http://www.cleanenergyfuture.gov.au/wp-content/uploads/2011/11/FactSheet-13-SmallBusiness-PDF.pdf>) small businesses will not be required to pay a carbon price. The impact of a carbon price on small business will vary and most small businesses will not be significantly affected.

A carbon price will create new job opportunities across a range of industries. For example, over time, renewable energy will grow from 10% to 40% of the generation mix by 2050. This type of growth will create flow on opportunities for a whole range of SMEs.

There may be some indirect cost impacts on small businesses, such as higher electricity bills, as a result of bigger companies passing on the costs of the carbon price. But these costs are projected to be modest. Prices of some consumer goods and services will rise, but the Government's household assistance package will ensure millions of households will be better off compared to their average price impact, so customers will still be able to support small businesses.

The Australian Government recognises the contribution of small business to Australia's economy. Small businesses comprise about 96% of all businesses and represent about 35% of industry value added and provide 47% of the economy's jobs. The Government will help small businesses get the support they need to stay competitive under a carbon price and share the benefits of Australia's clean energy future.

For businesses with an aggregated turnover of less than AUD 2 million a year, the small business instant asset write-off threshold will be increased from the existing AUD 1,000 to AUD 6,500 for depreciable assets from the 2012-13 income year. The existing instant asset write-off improves business cash flow by providing an immediate income tax deduction for the cost of eligible assets. Increasing the amount businesses can write off immediately to AUD 6,500 will increase cash flow and assist small business to grow and invest in new equipment.



Don Gunasekera

Economist

World Meteorological Organization (WMO) Expert Advisory Group on Climate Services for Disaster Risk Financing

Research Focus

- Food security and distribution gaps
- Economic impacts of pandemics and spread of infectious diseases
- Socio-economic and health impacts of air pollution, prospects for renewable energy use, climate change mitigation adaptation analysis
- Economic value of climate and weather information

The Government will establish an AUD 40 million Energy Efficiency Information Grants program to provide information to small to medium businesses and community organisations on practical measures they can take to reduce their energy costs. Being able to get clear information from trusted sources is vital to small business. This program will be delivered through grants to industry associations and non-government organisations which have established relationships with small businesses.

The Government will help manufacturing businesses invest in energy efficient equipment, processes and products to reduce their exposure to changing electricity prices. The Clean Technology Investment Program provides AUD 800 million in assistance to manufacturers whilst the Clean Technology Food and Foundries Investment Program provides assistance of AUD 200 million to the food processing, metal forging and foundry industries. These competitive merit based Programs will support businesses of all sizes through grants to support investment in improved energy and/or carbon efficiency for production processes and products. The Programs will open for applications in early 2012.

The Government is promoting the development of new clean technologies and emission reducing energy efficient technologies and associated services. The Clean Technology Innovation Program will provide AUD 200 million over five years to support research and development, proof of concept and early stage commercialisation activities to drive short term, targeted co-investment in clean energy innovation opportunities. It will be a competitive merit based program, with funds provided to successful applicants on a one to one matching basis. The program will see an overall investment of AUD 400 million into this sector. The program will open to applications in mid 2012.

SCMC



SMEs' Servitization of Manufacturing

The most frequently mentioned cases of servitization of manufacturing include the "Power by the hour" program of GE, a leasing model of aircraft engines; the car paint service that DuPont developed on the basis of their experience of selling paints; the service of use-phase customer relationship management along with economic experience, provided by Apple's iPod, iPhone, and iPad; and, the strength-in-numbers tactic also used by Apple, with which it rivals its competitors with every single model of devices in each generation. Do all these examples mean that the servitization of manufacturing has nothing to do with SMEs?

The answer is apparently not so. There are already some examples of the SMEs' servitization of manufacturing, including G-Winner Environmental Protection Co., which has transformed from a seller of industrial dishwashers to a technology entrepreneur offering dishwashing services; Lian Yin International Co., which has developed the service of luggage leasing; and, China National Machinery & Equipment Corporation, which has made its fortune as a fixture seller and has devised solutions for the entire factory of body-in-white assembly line introduced by the secondary automobile plants from China and India.

More importantly, the servitization of manufacturing is characterized by two aspects: it is one of the new directions for manufacturing business transformation; also, it is one of the development directions for some manufacturing industries in their very nature. For instance, the industrial development of smart building and smart robot is essentially inclined to system integration and manufacturing/product servitization, though in different degrees. Besides, electric cars are still faced by some bottlenecks and may not necessarily become industrialized by means of consumer ownership. Therefore, in the possibly very long period of market cultivation, electric cars will probably develop in the mode of manufacturing servitization or product servitization, such as the operation mode of vehicle-electricity separation and the new transport service model. Also, with a consideration of the Apple's app services related to iPhone and iPad, questions worth asking about the street dance robot now emerging in Chinese Taipei include how to continually produce new sets of dance performances after the commercialization of such robots, and whether it is possible to provide dance sets by means of software download like App services?

Whatever characters the servitization of manufacturing has, the servitization involves challenges at the corporate level and in terms of mindset, operational mode, internal and external organizational processes, and core competence. The key to the manufacturing servitization is the mode of operation, and it requires several fundamental topics to envisage the mode of operation. First of all, on the basis of existing products, the company is able to offer its customers more services and meaningful value proposition, making customers willing to pay more. Moreover, since



Chen Shin-Horng

Division Director

Chung-Hua Institution for
Economic Research

Research Focus

- Industrial economics
- High-tech Industry
- Information technology economics

the formation of many services is highly related to outsourcing, the company can do much better than customers themselves in this respect. Secondly, product servitization has many influences on the depreciation costs, maintenance costs, and revenue of the products (and product ownership). Even the most common mode of switching from selling to leasing is not an exception, bringing drastic impacts to the internal and external processes, the organizational relationships, and the cost and revenue. The most significant impact would be that the revenue may become steady but small, and therefore the key issue would include how the service supplier can reduce the depreciation costs and maintenance costs. The third fundamental topic is what kind of change the product servitization will bring to the company-customer relationship, and how the internal and external organization of the company should be adjusted in response. This also involves such questions as how the company can fulfill its promises to the customers as a whole, and whether it has sufficient capability currently.

Overall, although the servitization of manufacturing is not to make a whole new business, it should create new industrial values, such as new cash flows, new revenue markup, new market segmentations, and new cycles of manufacturing and life of use of the products. The key issues for the servitized manufacturers, therefore, include not only what to produce, but, more importantly, how to produce, how to supply, and how to serve the ultimate market. [SCM](#)



APEC SME Serial Events

"APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently", "APEC Focal Point Network and Expert Meeting on Improving SME Disaster Resilience", and the "APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs' Participation in Global Production Chains" were held in The Regent Taipei on 11~12 July 2012. The event, hosted by Chinese Taipei, invited over 40 foreign representatives and experts, from 20 APEC economies to attend the conferences. At the meetings, many international corporate representatives shared their experiences and interacted with over 400 participating SME representatives as well as their related organizations and members. As a significant part of Chinese Taipei's participation in holding APEC SME serial events, the meetings have received wide response from its participants.

Chinese Taipei has assumed the chair of the APEC SME Working Group since last year, leading the region in creating a favorable environment for SME growth. This year, representatives from 20 APEC economies will participate in five meetings in Taipei and exchange ideas on SME-related issues to help SMEs be better prepared to face the threats of natural disasters. These serial events brought together leading experts from industry, government and academia in the APEC region. Government officials and business leaders also participated in the meetings to come up with action plans to address the issues. During the meetings, the APEC Emergency Preparedness Working Group organized an APEC EPWG Steering Committee meeting while the U.S. Department of Commerce hosted an APEC seminar on business ethics in biotech and pharmaceutical industry. These meetings were the highlights of the APEC events in Chinese Taipei.



Figure 1. Wei-Sen Li (from left to right), Robert Sun-Quae Lai, Michael Schwager, and Lynn A. Costa kicked off the APEC SME serial events at the press conference.

"APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently" and "APEC Focal Point Network and Expert Meeting on Improving SME Disaster Resilience"

The joint opening ceremony of the "APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently" and the "APEC Focal Point Network and Expert Meeting on Improving SME Disaster Resilience" was held in The Regent Taipei on 11 July 2012. In the



Figure 2. The group photo of "APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently"



Figure 3. The group photo of "APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs' Participation in Global Production Chains"

opening remarks, Yun-Lung Yeh, the new Director General of the Small and Medium Enterprise Administration, MOEA, affirmed that SMEs are the development engine for the APEC region given the fact that SMEs account for more than 90% of total business establishment in APEC economies. As SMEs continue to play a key role in stabilizing social employment, the government is determined to facilitate the development of SMEs and actively participate in APEC affairs to increase Chinese Taipei's participation, and contribution in international affairs and boost international visibility.

The distinguished speakers at morning's "APEC SME Workshop on Transporting Goods and Services Reliably and Cost-Efficiently" opening keynote speech were corporate representatives from DHL and FedEx, two of the world's most prestigious logistics companies. Both representatives shared their company's expertise in maritime, airfreight, and other related transportation services to assist SMEs in choosing the most efficient transportation method for goods and services.

The theme for the first panel discussion was "Technology Utilization and the Importance of Collaborative Strategies," during which, Vic Hsu, Microsoft, mentioned how Microsoft provided solutions for companies on increasing communication efficiency and gave an on-spot demonstration on how they had utilized their cloud technology to provide smoother communication between companies and their clients. As the founder of the newly established Patisco.com, Even Chung explained how he had used his abundant experience gained in trade companies to develop a whole new platform that enhanced cost-efficiency for companies while trading.

"Innovative Strategies to Create New Business Opportunities" was the theme for the second panel discussion, in which, Terry Lee, Executive Director of Logistics and Supply Chain Management Promotion Center, Taipei Computer Association, talked about the new outlooks for SMEs and used his personal experience to illustrate how SMEs can enhance their competitiveness by establishing sound and cost-efficient logistics services.

The "APEC Focal Point Network and Expert Meeting on Improving SME Disaster Resilience" held at the same time, was joined by 17 focal points, as well as 11 member delegates of the

Emergency Preparedness Working Group (EPWG), and 10 experts. Focal points from each economy will disseminate project outputs and timely information to their home economy. In addition, these focal points met with scholars and experts from the Asian Disaster Reduction Center (Japan), the Asian Disaster Preparedness Center (Thailand), and the East West Center (the US) to conduct a joint study. After this meeting, they will finalize the Guidelines on promoting SME Business Continuity Plans (BCPs). In the future, APEC economies will follow these guidelines and provide impetus for SMEs to develop their own BCPs.

APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs' Participation in Global Production Chains

"APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs' Participation in Global Production Chains" held on 12 July brought together 17 experts and scholars from the APEC members specializing in fields relevant to domestic and foreign SMEs. Distinguished participants were invited to lecture in the symposium sessions and share their opinions regarding issues such as enterprises' sustainable operational plans. More than 200 attendants marked the unprecedented grand occasion.

The opening ceremony of the symposium began with speeches by the honorable guests, Yun-Lung Yeh, Director General of Small and Medium Enterprise Administration, and Lily L. W. Hsu, Director General of the Department of International Organizations, Ministry of Foreign Affairs. In his speech, Yeh thanked participants of the symposium from the APEC members for their contribution and assistance in the development of APEC SMEs. Also, Cho mentioned that the APEC SME Crisis Management Center (SCMC), as the first APEC center in Chinese Taipei, was of great importance, and that he expected this center to function well, helping SMEs build up capabilities and measures to respond natural disasters in emergent times.

Following the opening speeches were keynote speeches led by Stan Shih, the founder of Acer Group, and by Michael Schwager, Head of Industry and Small Business Policy Division, Department of Innovation, Industry, Science, Research and Tertiary Education, Australia. Shih provided, from an entrepreneur's perspective, an examination of the operational challenges facing enterprises in the twenty-first century. Schwager, on the other hand, based on his long-term experience of governmental systems, shared how the Australian government helped the SMEs adapt to the rapidly changing environment.

The sessions of the symposium were organized with a focus on three industries: logistics, information and communication technologies (ICT), and auto parts, industries that are vulnerable to natural disasters. The first session included lectures by representatives of



Figure 4. There are more than two hundred registered participants to attend the "APEC Symposium on Promoting Business Continuity Plans to Enhance SMEs' Participation in Global Production Chains", as popular as ever.

the transport industry. Mike Duggan, General Manager at DHL Global Forwarding, took Japan's great earthquakes on 11 March 2011 as example, illustrating how important it was for a company to understand its supply chains. While natural disasters are unpredictable, it is still likely for enterprises to deal quickly with the supply chain's gaps as long as they have prior plans.

The emphasis of the second session was on ensuring the sustainability of the industry of information and communication technologies (ICT). Experts including Bo-Cheng Chen, Vice Director of Taiwan Semiconductor Manufacturing Company (TSMC), the leading enterprise among the ICT companies, and Yoshihiro Kohno, Managing Director of the Resilience Research Council of Japan, shared their experiences of implementing business continuity plans. These lectures helped SMEs attending this symposium find proper ways to implement business continuity plans in this age of advanced network information.

The third session was centered by the topic of "Building Resilient Production Chains in Auto Parts Sector," given that last year's floods in Thailand has brought serious downtime to the production line of auto parts, with indirect impacts on 10% of auto part producers around the world and great losses. Aslam Perwaiz, Head of Disaster Risk Management System Department, Asian Disaster Preparedness Center (ADPC) in Thailand, together with representatives from other economies, was invited to share their experiences of assisting SMEs.

While the series of APEC SMEs events organized by Chinese Taipei came to an end alongside with the close of the symposium, plans are still continuing about our participation of APEC's assistance for SMEs developments. Based on the outcome of these serial meetings, the Multi-year Project on Improving Natural Disaster Resilience of APEC SMEs, under the lead of our economy, will complete the joint study with experts and meet the guiding principles of promoting SMEs' business continuity plans. Further, it will develop educational guidebook on business continuity plans for companies, with which it can help SMEs establish their continuity plans. [SCMO](#)

※This Monitor is a publication of APEC SME Crisis Management Center and is edited by Taiwan Institute of Economic Research.

Copyright © 2012 by APEC SME Crisis Management Center