

E-Capacity Building for Small to Medium Enterprises

by

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Good afternoon, distinguished guests, ladies and gentlemen. It's my honor to be here to talk about e-Capacity Building for Small- and Medium-sized Enterprises (SMEs). In my opinion, e-capacity building means enhancing the ability of companies to implement e-business because e-business is a process of adopting and implementing ICT with immense potential benefits and reduces time and transaction costs. What capacity do SMEs need to have? How can they build? I will explain in a four-part overview.

I. Key Factors & Issues of e-Business for SME's

First I will talk about key factors and issues of e-business for SMEs. E-business is related to the key factors of people, management and technology. In addition, e-business also depends on the external environment such as Internet access. The more popular it is, the more possible companies will invest in e-business. A company's adoption of ICT is like a new member joining a family. It must align with the other key factors of people, management and even previously deployed ICT. Among these key factors, people are the most important, especially in high level management of companies because they set the vision and strategies, as well as leverage and locate the resources which influence successful e-business.

Compared to large companies, SMEs usually lack professional staff and finance to adopt e-business. However, I think the key reasons are the short-sighted concepts, attitudes and awareness of people with. Incorrect concepts and attitudes, for example, they might outsource e-business projects to ICT companies to implement but they think it is the ICT companies' business. They might not establish long term partnerships with ICT companies, so their systems can not continue to align with organizations or customer services, therefore e-business can not diffuse its worthiness and effectiveness. As for insufficient awareness, they lack impetus to invest in e-business. They can not catch up with the trends of the external environment so they might delay adopting ICT applications and, as a result, lose their customers.

II. What core capacity do SMEs need to have

Second, let me talk about core capacity. From the above analysis, what abilities do SMEs need to have? E-business is very complex because it involves a competitive environment and strategic high-level management decisions that address problems and characteristics of the company. The more ICT and company processes are integrated,

the more ability and organizational readiness are necessary. The key challenge is how to help high-level management better understand the concepts and technologies of e-business, given the complexity of the issues they face in their day-to-day business. Therefore, SMEs need to have problem-solving capability first. They need to know how to identify and analyse problems, set goals for problem solving, status control and resource allocation in different contexts, and link the decision making process with business objectives. Moreover, problem-solving is a methodology. SMEs also need strategic planning, change management, risk management and innovation management capability to reduce and handle uncertainties in the e-business process. In addition, they also need to have ICT capability about recognizing and understanding the ICT—to know what it can do and leverage the ICT in work and life in order to know how to use it.

III. In what ways can SMEs build their capacity

Third, we will talk about ways SMEs can build their capacity. Simply speaking, two driving forces essential for SMEs are: push and pull. The push force is ICT, which can help a company create new business models, make the process more effective and reduce costs. The pull force is the market, via the needs of shareholders like suppliers, customers and dealers. So, although capacity building of SMEs requires the above driving forces, how can they develop? I propose two approaches: one is from the company itself (initiated internally), the other is from the government (initiated externally).

(A) How to build—from the company's perspective

From the company's perspective, there are four tips:

- Think logically—learn and practice the methods of problem-solving and create the right concepts about e-business.
- Utilize outsourcing—learn how to outsource and maintain close relationships with ICT partners to grow together.
- Learn to learn—keep absorbing the trends of new technology and learn how to learn through individuals and organizations.
- Begin on a small-scale—invest in easy and small scale endeavors in order to facilitate progress.

(B) How to build—from the government's perspective

Due to SMEs' limited finances and expertise, they require government support. However, it depends on how many resources are available to the government. For example, Chinese Taipei offers the following kinds of support for SMEs :

- Provide Counseling & Guidance

Chinese Taipei has created e-Business Service Teams composed of academics, industry associations and ICT companies to provide on-site diagnostic services, assess e-readiness and help companies adopt suitable strategies and technological solutions for e-business problems.

- Offer mechanisms for innovative development
- Chinese Taipei also provides assessment and guidance for start-ups or transforming companies in 95 incubation centres to deploy new e-business models and test ideas.
- Provide pilot projects to learn by doing
- Chinese Taipei provides the implementation of e-business plans, which initiates pilot projects from some industries, such as ICT industries. If it is successful, then diffuse or expand to other industries. This is a good example of learning from the best practice and learning by doing.
- Provide Training Centers
- Chinese Taipei also provides over 600 training courses, many industry-related databases in on-line training centers and many hands-on training opportunities to help SMEs build their capacity.

IV. Conclusions

E-business is a long-term learning process. How can SMEs build their capabilities from this process? It depends on people. They need to establish the right concepts for adopting and implementing technology in their companies. I emphasize problem-solving capability and ICT capability in addition to driving forces for building capacity. I think the process is like having and raising a baby. There are a lot of risks, which require various strategies and different aspects of knowledge to overcome them. So, SME staff need to learn how to learn in the long-term. Likewise, government needs to consolidate the resources and play the role of facilitator to help the SMEs.

As prospects for the future, we suggest APEC focus on knowledge sharing and capacity building to assist these economies.

I also hope we can further progress in cooperation between all members to help SMEs develop capacity. This concludes my presentation.

Thank you very much for your time and attention.