


Summary SME Benchmark Report

Global SME Benchmark Study

2016



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1. Introduction SMEs - are you ready?

Welcome to this summary report of the first edition of the Global SME Benchmark Study. 2Sherpa and 30+ supporting global partners have surveyed SME Companies across Asia, US and Europe to establish the state of business expansion abroad.

The Global SME Benchmark Study is an alliance of global organisations who share the vision and mission to gather more information how to let SME Companies grow. The global partners:



The Study aimed at giving insights of the barriers, challenges and opportunities SME Companies are facing when expanding abroad.

This Study comprised a questionnaire of benchmark practitioners of more than 15 countries and was carried out from July until September 2016. This report is a summary of the findings of the 2016 Global SME Benchmark Study.

This summary report's purpose is to provide business owners, project managers, export managers and other stakeholders with a summary of 6 areas, allowing them to have a small set of data to benchmark their own reports, identify some areas for improvement and to get an impression of the full Benchmark Report.

If you would like to receive the full (paid) Benchmark Report (promotional price of USD 450): please send us an email for further information: info@2sherpa.com.

2. The group of responders

- I. The survey has been built around the following 6 areas:
Strategy, Organisation, Legal - Finance - ICT, Product, Market, Marketing & Sales.

Europe	73.3%
US + Canada	6.7%
Asia	13.4%
Australia	1.7%
Other Countries	4.9%

- II. In total 150 participants took part across following countries:

- III. Which are mainly active in the following industries:

Business / Professional Services	13.3%
Communications	1.7%
Consultancy	18.3%
Finance / Banking / Insurance	1.7%
Healthcare / Medical	3.3%
Manufacturing	26.7%
Marketing / Market Research / Public Relations	3.3%
Pharmaceutical / Chemical	3.3%
Retail	5.0%
Wholesale	5.0%
Other	18.3%

IV. The roles of the participants: shareholders (11.9%), general management (45.8%), marketing (11.9%), sales (25.4%) and product development (5.1%).

V. The region the participants would like to expand to:

Europe	38.3%
US + Canada	20%
Asia	13.4%
Australia	1.7%
South Africa	3.3%
UAE + Iran	6.6%
Other Countries	16.7%

VI. The number of years the SME Companies have been in business:

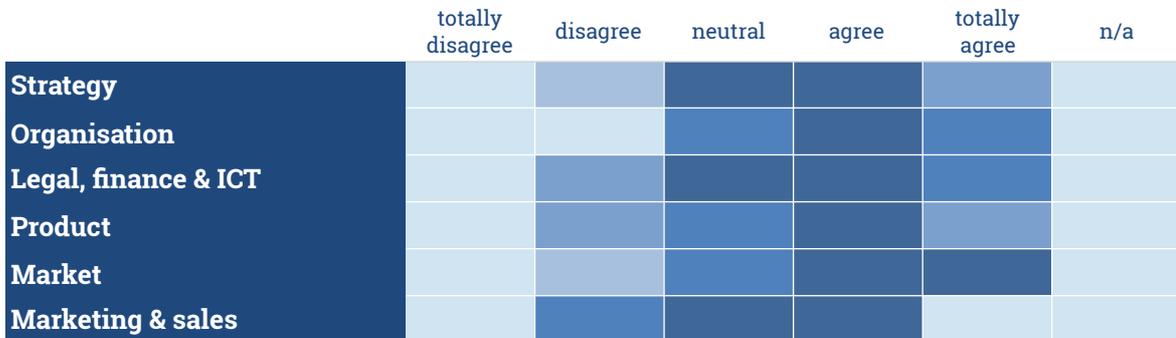
1-3 years	28.3%
4-5 years	10.0%
5-10 years	21.7%
10+ years	40.0%

VII. The size of the company:

1-10 pax	53.4%
11-50 pax	25.9%
54-1000 pax	17.2%
1000+ pax	3.4%

3. The right set of questions

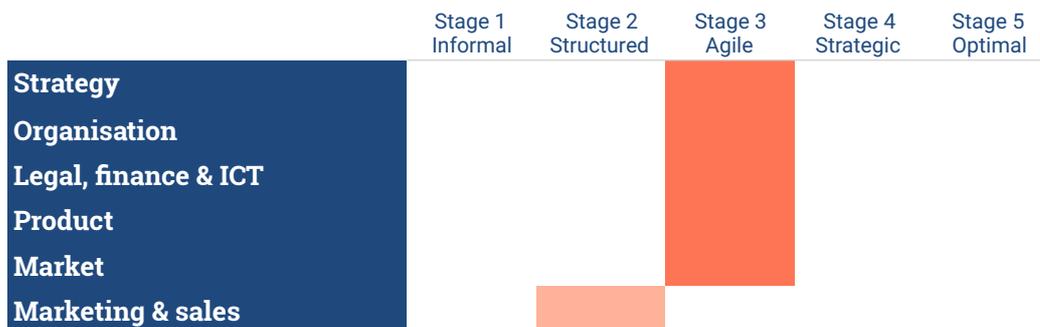
The assessment is based on a Likert Scale from 1-5 (disagree - total agree). This figure contains the high level results of the participants:



Overall 33.4% of the participants answered the questions with “agree” followed by 23.3% “neutral”. Only 5% clicked on totally disagree and 4.1% on n/a. This means that the questions are in general relevant for the SME Companies.

In designing the Benchmark Study we searched for best practices and frameworks for measuring the business health of a SME Company. We wanted to leverage language that companies may already be using, and methodologies that they are familiar with and trust.

From this we used the Expansion Capability Maturity model which shows the maturity stage of a company:



Marketing & Sales has a lower maturity stage than the other 5 areas. Later on we’ll see why. A description of the maturity stages:

Stage 2 - Structured

When projects, processes, work products, and services are managed and measured. Performance is shared with senior management.

Stage 3 - Agile

When standards and procedures exist and are easily tailored to adjust to new requirements from various markets.

4. Key Findings

In this report, we'll summarise the experiences of over 150 SME Companies encompassing a various range of tactics and overall strategies. These statistics can serve as benchmarks against which you can judge your own situation. Here are several of the key findings:

I. Defining and executing **strategy**

- In general the SME Companies are able to formulate and execute a strategy when expanding abroad. 20% of the participants acknowledge there is room for improvement in the areas of:
 - Involving foreign (potential) customers in reviewing products and services and improving them
 - Management's understanding of which actions and budgets are needed to enter a new market.

strategy is mainly based on inside out

II. Building or realigning the **organisation**

- 60% of the SME Companies have relevant expertise, encourage employees and evaluate in a structured way. Room for improvement:
 - How to hire the right people and subcontractors abroad.

well organised, but hard to find the right contractor

III. Identifying and incorporating new **legal, financial, and ICT** requirements

- 60% of the SME Companies know how to handle these areas of expertise. Room for improvement:
 - Allocation sufficient budget for expansion
 - Having a clear strategy to protect brand name, IP and corporate identity abroad.

support for legal, regulations and budgeting

- IV.** Reconfiguring and producing **products** for a new user market
- In general SME Companies are well prepared regarding product specific requirements. There is room for improvement for:
 - Conducting better market research in the target country
 - Lack of sufficient product development capacity in R & D to follow up market needs and demand abroad.

*market research
& product adjustments:
key to meet market
demands*

- V.** Effectively understanding and integrating into the target geographic **market**
- When it comes to expansion abroad there is room for improvement for:
 - Consulting local experts before taking important business decisions regarding expansion abroad
 - How to write a market entry plan to launch products/ services.

*a lot to gain
if a SME Company has
better understanding of the
market abroad*

- VI.** Building out an effective **marketing and sales program**
- Most of the SME Companies are flexible on the methods to create a sales channel. They know if they need an agent, distributor or are selling through direct sales. When it comes to what an agent or a distributor brings to the table. The room for improvement is:
 - Estimating how much growth a specific sales agent or distributor will bring
 - Knowing what is important for an agent or distributor abroad in order to actively promote your products.

*online marketing
and finding the right
business partners is a
challenge*

5. The Ranking

Based on the 40+ topics and statements we asked, we can rank the 5 highest scoring topics and the 10 lowest scoring topics as follows:

The 10 highest scoring topics:

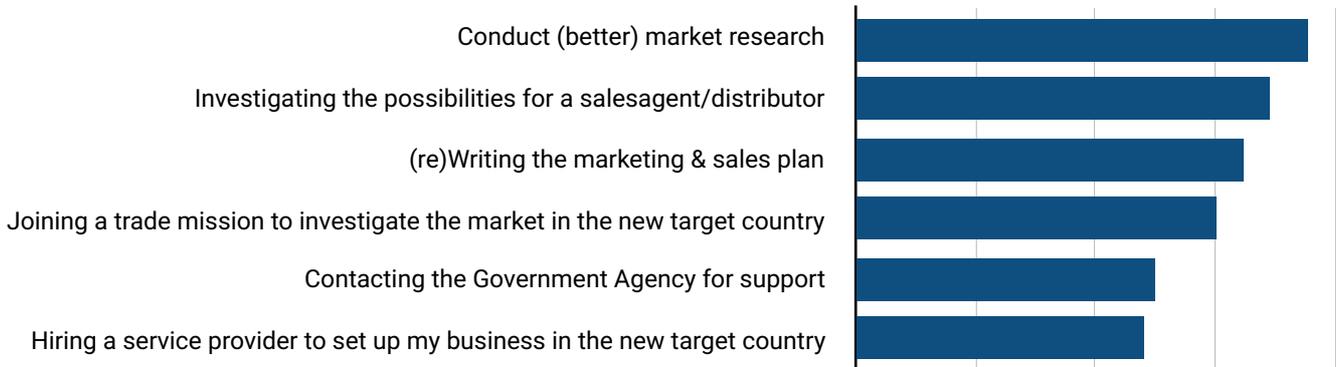
Organisation	The company encourages employees to share knowledge freely within the company to learn and improve.
Product	We know how to find and how to select freight forwarders, distributors and warehousing companies.
Legal, finance & ICT	Our IT software is adequate for our business and can handle future international growth.
Market	We are well aware of cultural differences and the impact this will have on our business.
Product	We are aware of specific packaging and shipping requirements abroad.
Strategy	The management of our organisation is known for taking action quickly.
Organisation	Most of our management speaks at least two languages.
Legal, finance & ICT	We perform budget and financial scenario analysis before taking important decisions.
Organisation	We are able to absorb additional capacity demand at our head office.
Marketing & sales	We are flexible on the methods we have in place to create a sales channel, for example using agents or distributors or direct sales.

The 10 lowest scoring topics:

Marketing & sales	We can estimate properly how much growth a specific agent or distributor will bring.
Marketing & sales	There are sufficient potential business partners in our network.
Marketing & sales	We have developed a distribution strategy for growth in the target country.
Product	We have experience with doing market research in foreign countries.
Marketing & sales	We know what is important for an agent or distributor abroad in order to actively promote our products.
Organisation	We know how to hire people and subcontractors abroad.
Marketing & sales	We have experience with international (online) marketing for our products/services.
Strategy	Management is frequently traveling abroad to exploit new business opportunities.
Legal, finance & ICT	We have a clear strategy to protect our brand name, IP and corporate identity abroad.
Market	We know how to write a market entry plan to launch our products/services in a new country.

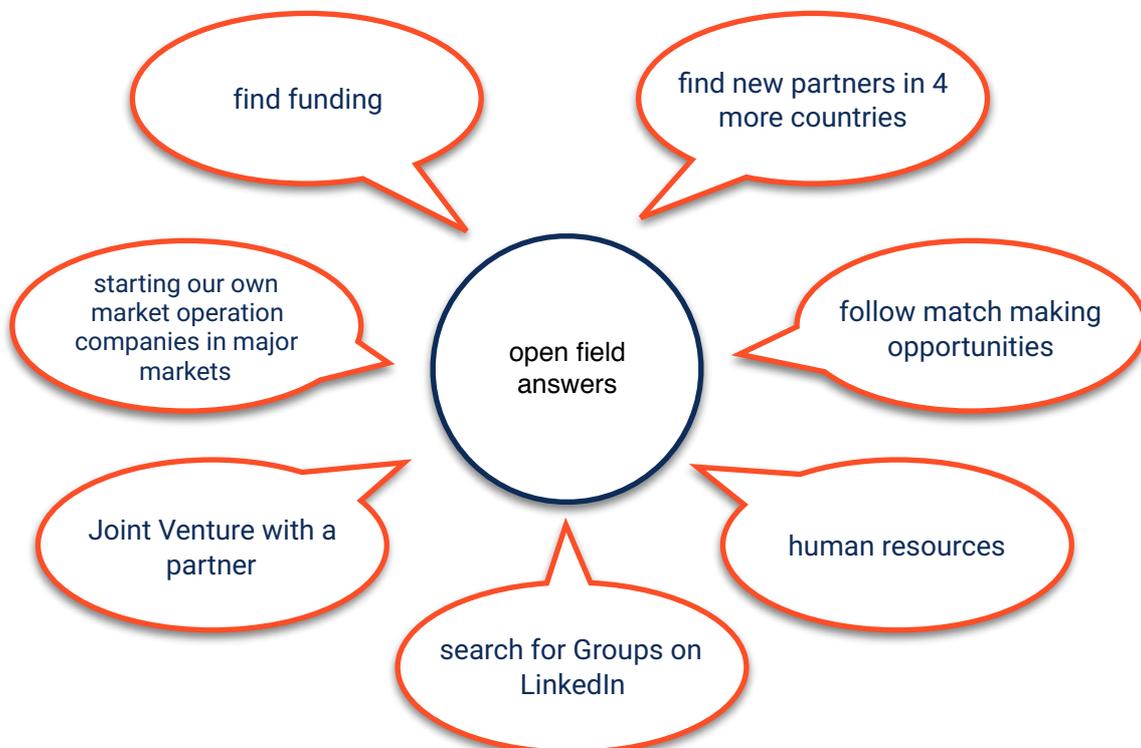
6. Next Steps for a SME Company

Ranked from the highest to the lowest priority the next steps for expansion abroad:



It doesn't seem to be a surprise that conducting market research, finding sales agents/ distributors and writing a marketing & sales plan have the highest scores when it comes to the next steps. This is in line with what we see in the results in the area of marketing & sales.

Besides the mandatory fields, participants could fill in open field boxes. These are the next steps that SME Companies would like to take:



These open field answers are in line with previous answers as business partners and expanding networks tend to be weak for most of the SME Companies.

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The 2Sherpa team

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