

MSME PROGRAMME



MSME Development Institute: Strategic Recommendation Report

Disclaimer

- This report has been prepared by Deloitte Touche Tohmatsu India Private Limited (DTTIPL) as part of the project on Organizational & Structural Review of MSME-DIs commissioned by the office of the DC, MSME in association with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and is in continuation of the “analysis report” prepared earlier. This report, therefore focuses mainly on “recommendations and implementation plan”.
- For purposes of preparation of this report, Deloitte Touche Tohmatsu India Private Limited (DTTIPL) has used information obtained from respective MSME DIs and secondary information sources, which we believe to be reliable and our assessment is dependent on such information being complete and accurate in all material respects. We do not accept any responsibility or liability for any losses occasioned to any party as a result of our reliance on such information

Items in the scope of work addressed in the current report

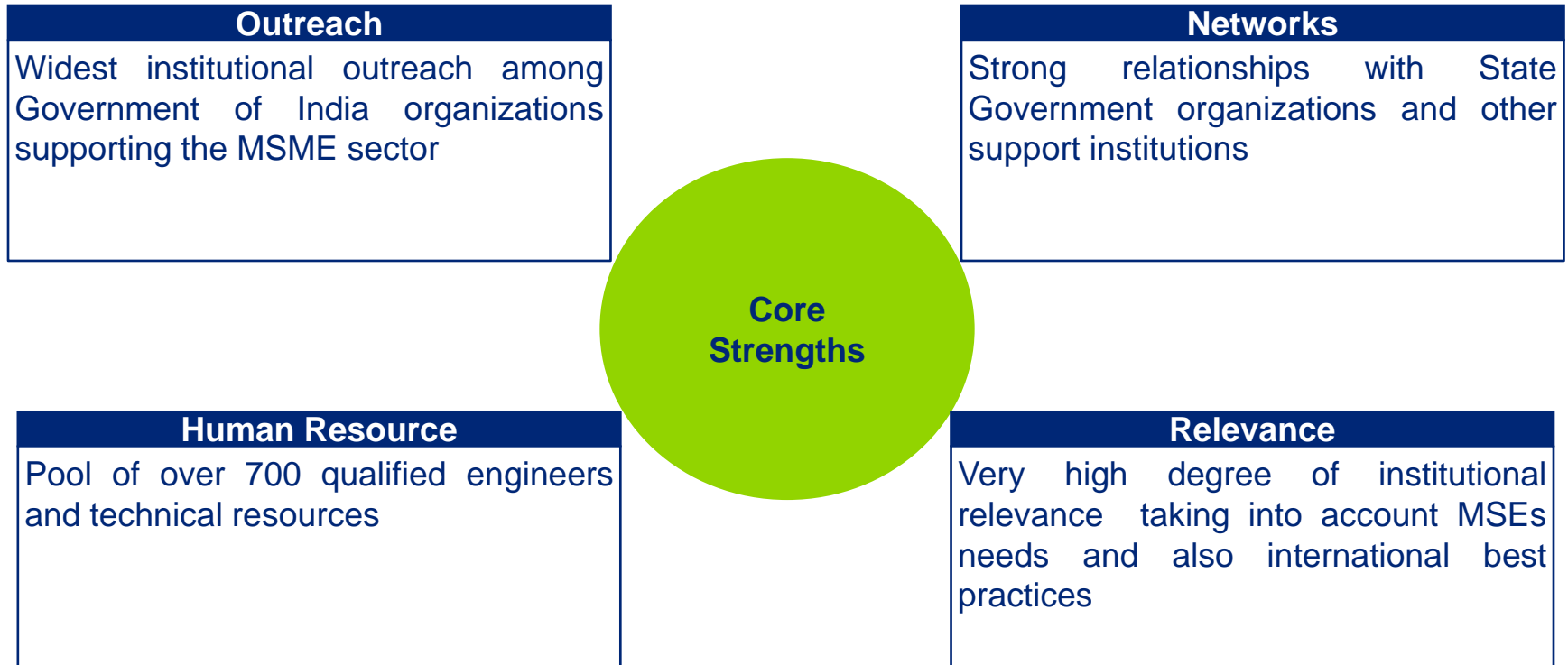
- Developing recommendations for MSME-DIs with focus on the following:
 - Shift in strategic approach required
 - Recommend changes to service delivery model, business processes, service portfolio, target groups
 - Future roadmap of common facility workshops
 - Role of MSME-DIs in public procurement from MSMEs
 - Identified areas in which targeted technical support is required and could be provided by outside agencies initially along with long term plan for building such capacity in-house
 - Proposed new / revised organization structure including legal & organizational setup
- Design of a Technical Secretariat at the office of the DC, MSME to extend requisite support to the functioning of MSME-DIs by addressing key functional requirements in areas such as monitoring & evaluation, capacity development, MIS and data analysis, ICT etc.
- Developing an implementation plan for the proposed organizational restructuring with short, medium and long term milestones

Index

1	MSME DI: Core Strength & Key Constraints	5
2	Recommended role, functions and services	8
3	Recommended organization and governance structure	16
4	Process improvement recommendations	28
5	Recommendations for DI Plan Schemes	35
6	Proposed Performance Monitoring Metrics	38
7	Implementation Plan	44
8	Annexure	50

1. MSME DI: Core Strength & Key Constraints

#1.1 Core Strengths



#1.3 Key Constraints and Challenges

Role of MSME DI is **not specifically defined** and has evolved over time. Its **too broad and all encompassing**

- **Historical functional grouping** around 3 areas of training, technical trade and economic investigation is **out of sync** with current reality
- **Disproportionate focus** on Training (accounting for 67% man days) compared to other function

- **Absence of formal cadre** with well defined service rules has resulted in limited career growth options*
- Sudden **transfers system** impacts institutional competencies and services delivery
- **Mismatch in trade specialization** vis-a-vis focus MSME sectors in respective DI
- Technical and managerial skills need **update** in line with market trends – absence of incentives/ motivation for DI staff to proactively augment their skills / expertise
- **Absence of a performance management system** with specific KPIs for individual positions



- **Few** of the services (e.g. Project Profile , CFC , Sub contract exchange) have **lost relevance** in its current form and need revamp
- **Limited interaction** with industry associations/cluster agents and MSMEs

- Structured around historical functional grouping leading to **absence of clear role allocation** and **inadequate job differentiation** across hierarchy
- Existing structure doesn't encourage development of focused competencies
- The **current interface** between DIs and the DC's office **lacks coherence** and have **multiple points** of contact and information requirement

- Centralized decision making about budgeting and planning of activities results in **high service delivery time**, on the other there is **lack of pro active efforts** from DI to leverage different support schemes
- **Limited networking** with “developed service providers” eco-system supporting MSMEs and absence of standard practices for selection/ empanelment of external agencies and monitoring of their performance
- The current **performance metrics** for DIs are mostly focused on inputs with inadequate emphasis on outputs or outcomes. at the individual level

The recommendations outlined in the subsequent parts of the report are intended to address the key challenges outlined above while leveraging some of the key advantages which DIs have.

* Cadre formulation process already initiated

#2. Recommended Role, Functions and Services

#2.1 Role

Factors Impacting Role

Mandate from Ministry of MSME

Support the Ministry in creation of new entrepreneurs and development of existing entrepreneurs & MSMEs

Evolving requirement of MSMEs

Need for access to entire gamut of requirements, including skills, finance, markets and technical support / technology while leveraging applicable support available from Government (preferably through a one stop shop)

International practices*

Development agencies with technical resource pool focus on addressing demand-based requests from MSMEs either internally through initial diagnostic or by linking with empaneled list of advisors / specialist agencies while leveraging cost-sharing models (including non-technical support)

Institutional Limitation

No single institution can have either i) the requisite skill-sets / expertise in-house or ii) geographic outreach to address all the requirements of MSMEs **directly by itself**

Recommended Role

To be a one stop centre for all MSME support schemes and policies and facilitate enterprise access to a wide range of strategic support services related to technology, marketing, skills and finance for creation of new and growth of existing MSME.

* Please refer Annexure 8.3 for details

#2.2 Proposed functional mandate

Role

To be a **one stop centre** for all MSME support schemes and policies and **facilitate** enterprise access to a wide range of strategic support services related to technology, marketing, skills and finance for creation of new and growth of existing MSME.

Functional Areas

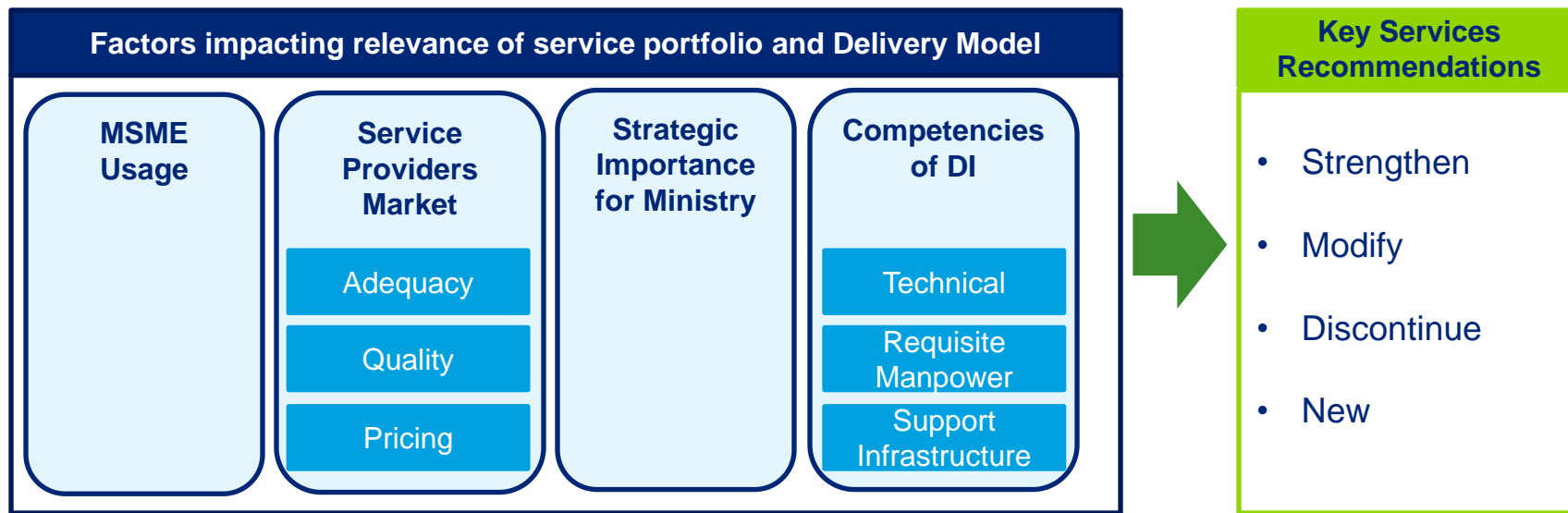
Function #1: Support implementation of MSME schemes & policies

- Provide Information, Awareness and Guidance on schemes and policies of Ministry of MSME
- Scheme Implementation including subsidy/grant administration (e.g. : ISO , ESDP etc.)
- Economic Intelligence and policy input to DC's office
- Monitoring impact of schemes and policies

Function #2: Provide and Facilitate Advisory & Consulting Services

- Provide first level advisory services in the field of Technology up gradation, Market Access, Process improvements, Quality Accreditation etc.
- Provide information to MSMEs about specialist agencies /service providers which can address specific requirements of MSMEs and require specialized skill-sets
- Facilitate MSME's linkages with these specialist institutions & private service providers in the identified fields (including non-technical support)

#2.3 Rationalizing services/activities



Modes of service delivery	Brief Description
Direct Service Provisioning	DIs directly provide a particular service through in-house manpower and other resources
Outsourcing	DIs indirectly provide a particular service through contracting with a third-party/empanelled service provider. The service is financed entirely by Dis.
Reimbursement	DIs provide reimbursement to either the end-user or service providers with no operational involvement
Linkage	DIs provide information and link to a related or empanelled external entity providing the service
PPP mode	DIs indirectly provide a particular service through contracting with a private service provider under a partnership agreement

#2.3.1 Key Service Recommendations

Strengthen

Schemes: Information, Awareness and Guidance

- *Limited awareness and access*
- Should be defined as **one of the core activities** of DI. All schemes (*even those that are implemented through banks, third party etc.*) and policies should be covered.

Scheme Implementation

- **Reimbursement** based schemes administration should be handled **directly by DI, as much as possible**. DI should be empowered to approve and disburse subsidy to eligible enterprises.

Scheme Monitoring

- **Monitoring** impact of schemes and policies being implemented by the DIs.

#2.3.1 Key Service Recommendations

Modify

Sub Contract Exchange

- Currently defunct but should be revived with **focus on integrating** it with public procurement matchmaking platform

Common Facility Centers*

- **Discontinue** its operation as common job work facility and **convert it** mainly into technical training centre – as an extension centre of MSME tool rooms. **Exception** could be tier 2 / 3 city depending on private sector market:
 - a. In Tier 1 cities where there exist multiple alternate service providers, leverage CFCs for technical training of current / potential MSME employees with appropriate investment in equipment. These work as an extension centre of MSME Tool Rooms, wherein TR is responsible for training content and quality, certification and DI is responsible for selection of candidate and actual training. TR carry out TOT for CFC staff.
 - b. In Tier 2 cities where there are limited alternate service providers, continue to use CFCs for job work also with investment in equipment modernization.
- To make this transition, Plan Scheme on provision for workshop/training should be leveraged with utilization of allocated funds for making investments in modernization / replacement of equipment / training of trainers

- Please refer Annexure 8.1 for details

#2.3.1 Key Service Recommendations

Modify

Techno Managerial Consultancy

- *Negligible Usage by MSME; Technical competencies not updated, however the same is needed to address MSME needs and also of strategic importance for NMCP scheme*
- Should focus on **first level of advisory***, **onsite manufacturing diagnosis** and **facilitating linkages** to specialist agencies/ individuals for detailed technical / advisory services.
- For this purpose, formal incentive / reward & recognition mechanism should be introduced for encouraging DI officials in updating their knowledge which would make them relevant for meeting techno-managerial consultancy requirements of industry. Mechanism followed by select educational institutions (like IITs, IIMs etc.) will be a good reference point to develop appropriate system for DI.

Training

- *High Usage and of strategic importance for skill mission target but occupies too much employee time - affecting other services specifically Techno Managerial Consultancy*
- Delivery mechanism to be **revised**. **Institutionalization** of training delivery through empanelment of specialist training partner (institute /NGOs etc.) with requisite infrastructure and competencies. Training partner responsible from mobilization to delivery on standardized curriculum. DI remains responsible for identification of course, location and monitoring of quality of training delivered by them. There exist in house practices e.g. MoMSME and NSIC for refinement and replication.

* Please refer Annexure 8.2.1 for details

#2.3.1 Key Service Recommendations

New	Public Procurement Facilitation *	<ul style="list-style-type: none"> • DIs to act as state level nodes and should help MSEs leverage Public Procurement Policy optimally through leveraging its different service portfolio (VDP, Capacity Assessment, Sub Contract exchange, etc.) <ul style="list-style-type: none"> ▪ Tender information dissemination ▪ Vendor development programmes ▪ Development of requisite vendor databases (sub contract exchange) ▪ Facilitating requisite technical support to meet quality standards and procurements norm ▪ Monitoring Cell
	Technology Transfer Centre	<ul style="list-style-type: none"> • Establish sector focused Technology Transfer Centre and facility for conducting technology exhibitions in partnership with national and international (public /private) expert institutions
	Economic Intelligence and Policy Input	<ul style="list-style-type: none"> • DI should carry out stakeholder consultation process to gather field level inputs & feedback and provide inputs to DC office to make the schemes and policies demand driven, user friendly and targeted.
Discontinue	Project Profiles Preparation	<ul style="list-style-type: none"> • <i>Negligible demand from MSEs and availability of many service providers</i> • Generic project profile preparation by technical officers on a non-chargeable basis should be discontinued.

#3. Recommended Organization and Governance Structure

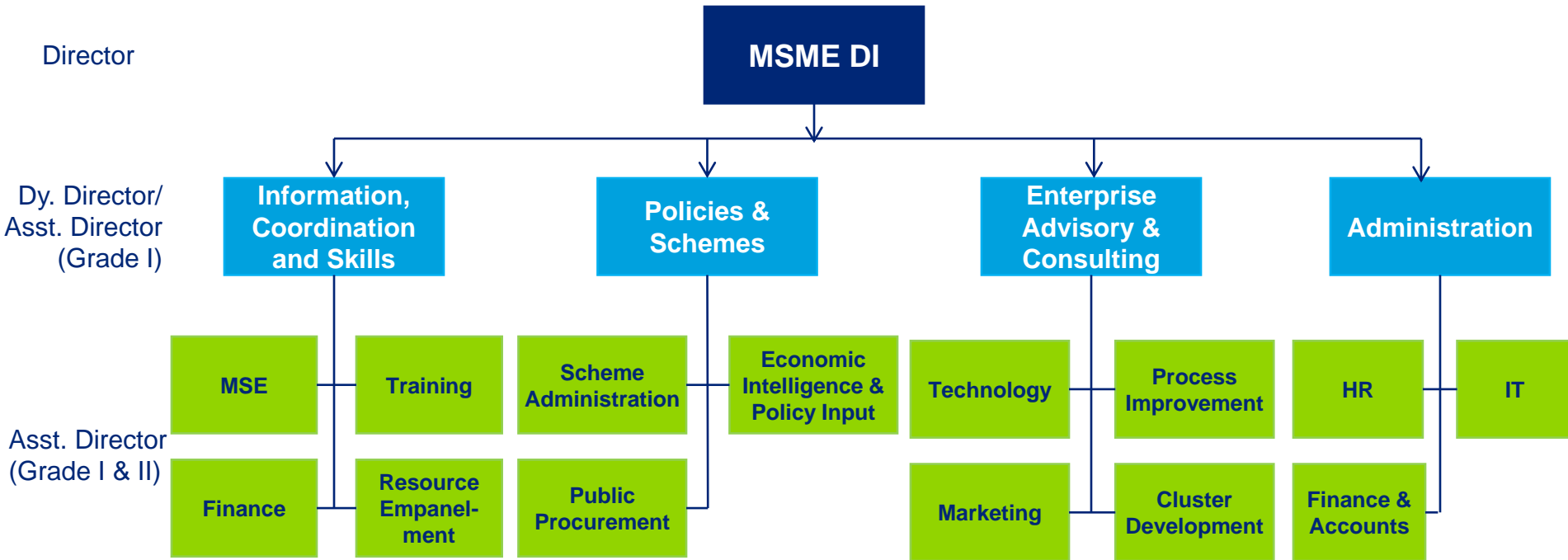
#3.1 Key drivers

KEY ISSUES	PROPOSED SOLUTIONS
<ul style="list-style-type: none">• While there have been 3 broad groupings in the DI organization structure historically, namely, training, technical support and economic investigation, there has been a disproportionate focus on training in the recent past• The current organization structure does not reflect specific competencies (for example, technology benchmarking & transfer, energy efficiency) and hence does not encourage development of these competencies within the organization• The current structure does not differentiate between (a) administrative / coordination-oriented activities and (b) activities which require technical expertise• There is inadequate job differentiation across hierarchical levels and limited growth opportunities• There is inadequate focus on support activities like Human Resources, Procurement, information technology which are critical for the DI organization to deliver	<ul style="list-style-type: none">• The proposed organization structure is based on the recommended services portfolio of DIs<ul style="list-style-type: none">– It reflects the specific competency groups needed to serve MSME requirements in the current scenario and therefore enables development of these specific competencies– The proposed structure differentiates between activities which are administrative or primarily involve coordination & facilitation and those which require technical expertise– It also attempts to differentiate between the role of a Deputy Director and Assistant Director (Grades I and II) and provide adequate growth opportunities– The proposed structure incorporates strong focus on support functions like HR, procurement, IT and administration and also attempts to integrate these functions with the line functions through common reporting to the DI Director

Recommended organization structure: Given the differing activity levels and scale of operations of individual DIs, we have recommended 2 organization structure options: one for locations with high activity levels like Tier 1 cities and metros and the other for locations where scale of operations are relatively small.

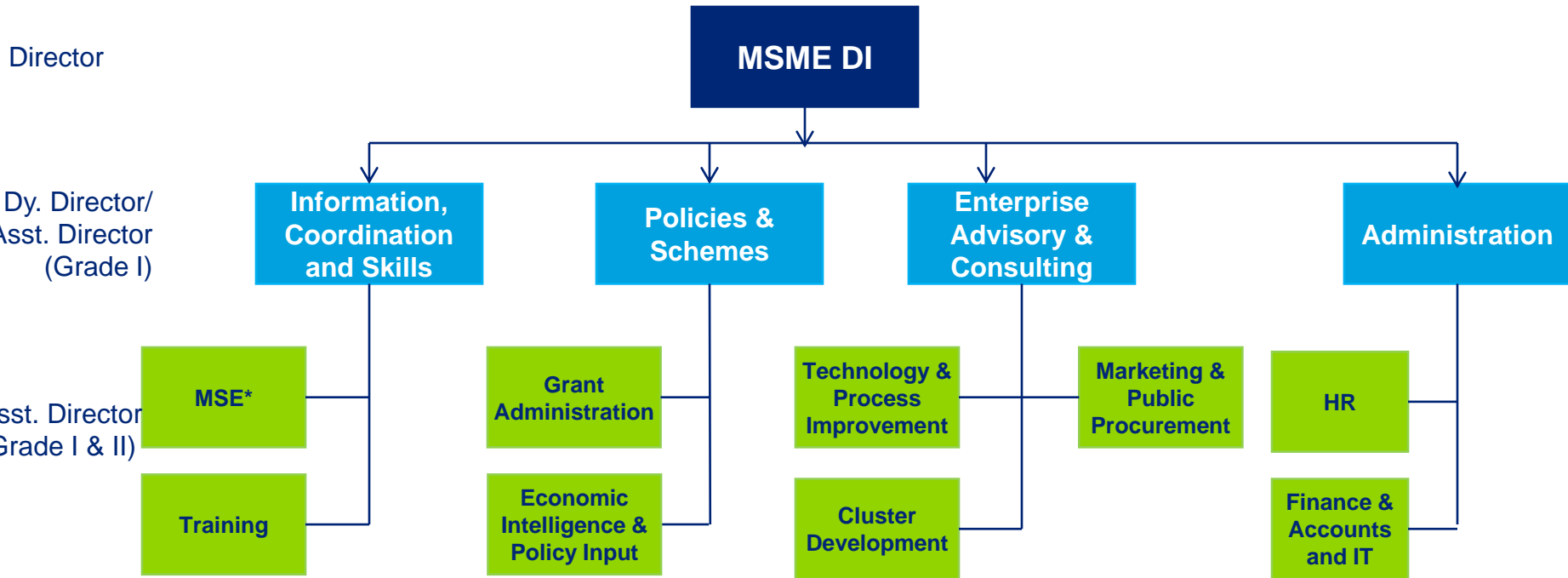
#3.2 Proposed Organization Structure

Type 1: Organization Structure for DIs located in cities with large scale of operations



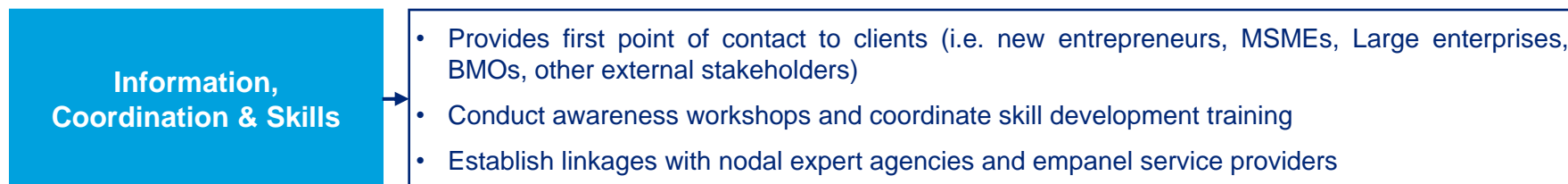
#3.2 Proposed Organization Structure, *cont.*

Type 2: Organization Structure for DIs with lower scale of operations and/or Branch DIs



* **MSE** will include activities/
services related Resource
Empanelment & Finance

#3.3 Description of activity /services, cont.

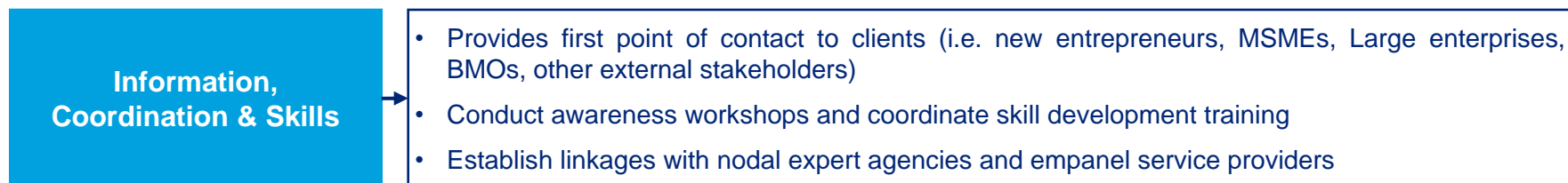


	Technical	Managerial	Communication
Skill Sets	Medium	Medium	High

MSE
<ul style="list-style-type: none"> • Provides information to visiting MSE (existing and start ups) on all DI services, support schemes and facilitate linkages with following entities: <ol style="list-style-type: none"> R&D institutes, Training Institutions, SIDBI and Financial Institutions Nodal scheme implementation agencies, Financial Advisors Internal teams of DIs (Enterprise Advisory, Policy Planning & Administration) Internal institutions e.g. tool rooms, testing centers among other stakeholders • Facilitate filing of EM Part II on behalf of MSME entrepreneurs • Facilitate support for new business ideas, including access to incubation facilities (e.g. CIIE, IIM Ahmadabad, IITs etc.) and IP-related facilitation • Accept application for all schemes and pass it on to respective scheme administration division • Run grievance cell for MSMEs and share information with Policy Planning & Administration (Economic Intelligence) division • Administer databases for DI clients, services availed by them and feedback, Matchmaking, Reports and Resources

Training
<ul style="list-style-type: none"> • Carry out regular interaction with Industry associations, DICs to identify the key clusters and locations for creating awareness • Create awareness for all schemes through seminars, workshops, Industrial Motivation Campaigns (IMCs) and other associated avenues in identified locations to intended beneficiaries. • Coordinate training programs viz. MDP/ EDP/ ESDP/ BSDP for existing / potential entrepreneurs through external training institutes/ faculty with the role of DI being limited to: <ol style="list-style-type: none"> Identifying locations & nature of training to be imparted in line with MSME profile/ local demand requirements through coordination with DICs/ industry associations/ cluster development agencies Providing target number along with trainee profile (in line with the ground realities) for respective training programs based on annual plan Standardization of “base” course curriculum (already under process at DC office) and Monitoring and evaluation of service quality offered by training partners • Conducting market driven skill development programs based on perceived demand for such services in respective states through specialist training institutes

#3.3 Description of activity /services, *cont.*

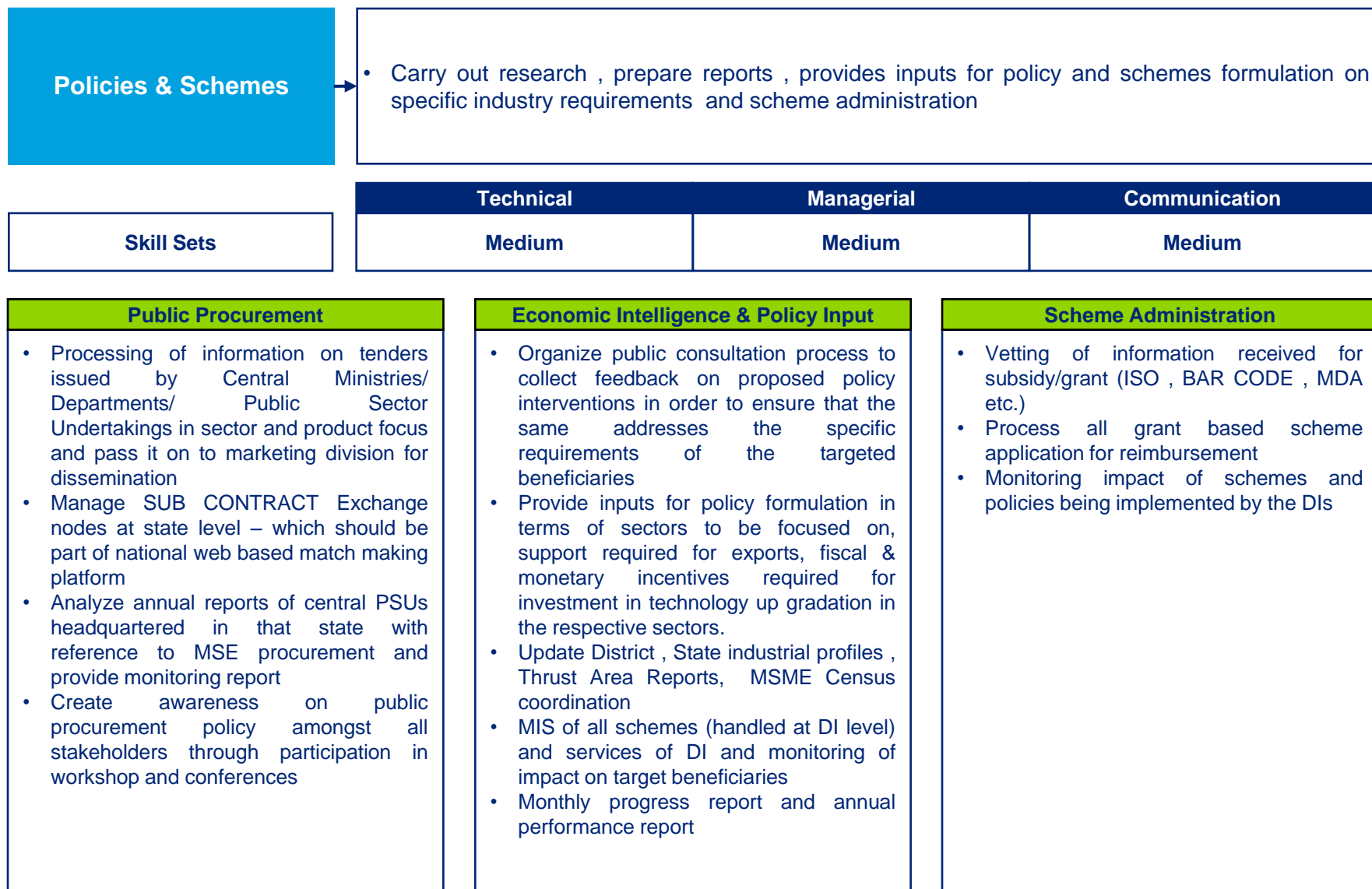


	Technical	Managerial	Communication
Skill Sets	Medium	Medium	High

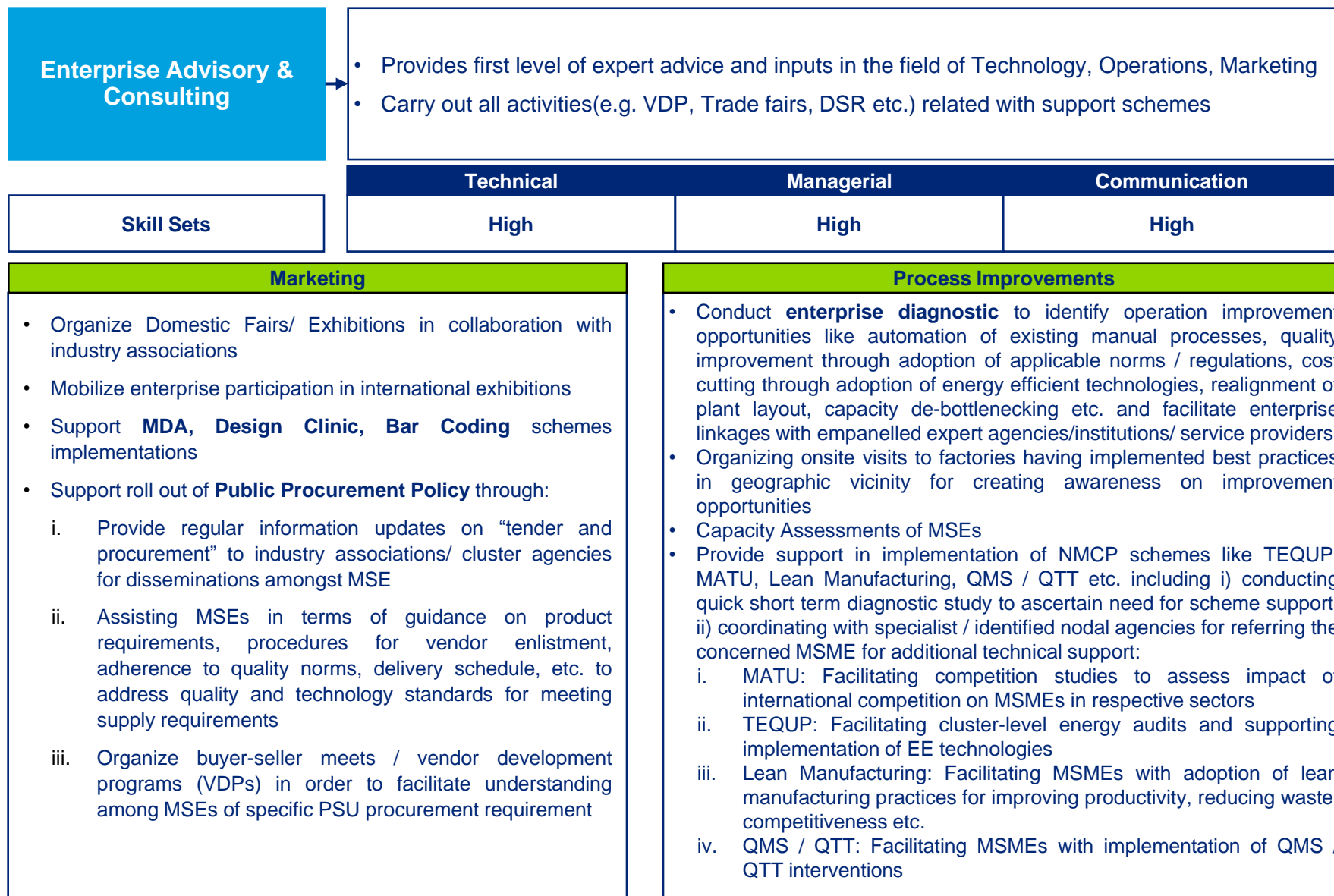
Finance
<ul style="list-style-type: none"> • Provide complete information and guidance on finance related support schemes and instruments e.g. CLCSS ,CGTMSE • Facilitate preparation of bankable / detailed project reports, including vetting of technology (through Technology Division) requirements in the project reports, on a chargeable basis based on specific request for such services from MSMEs • Carry out quarterly /six monthly (online and through industry associations) enterprise survey and liaison with banks, SIDBI to collect information on credit flow and gaps and other specific issues • Represent DI in State Level Bankers Committee meetings and other coordination meetings

Resource Empanelment
<ul style="list-style-type: none"> • Empanelment of external resource persons, knowledge partners, service providers, training institutes/ faculty • Preparation of contract for associating with empanelled institutes/ faculty encompassing specific service level agreement clauses based on outcome based metrics to ensure quality & effectiveness to the intended beneficiaries • Maintenance and updating of database of empanelled specialist agencies/ faculty based on feedback obtained on their service quality/ delivery from the respective functions

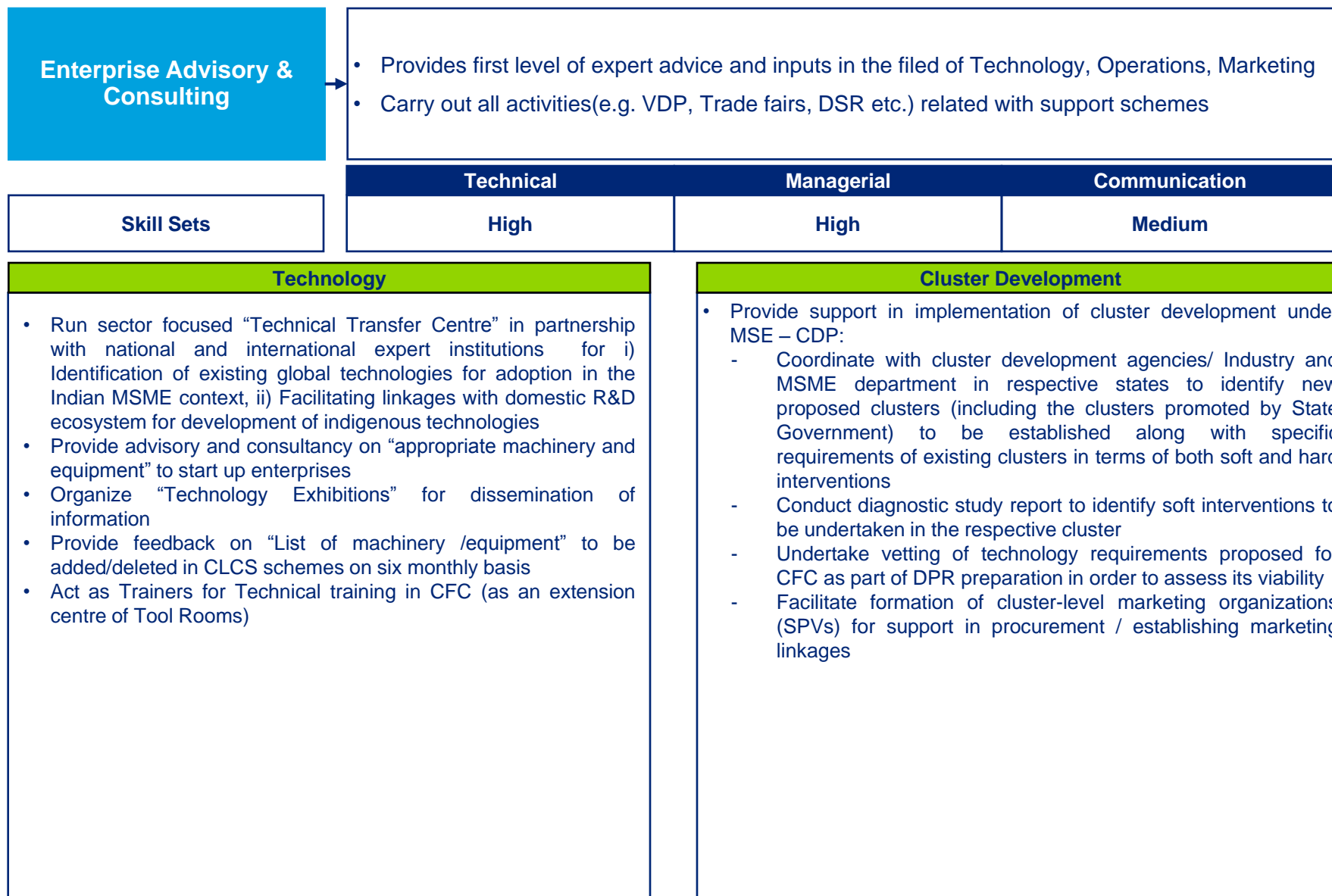
#3.3 Description of activity /services, cont.



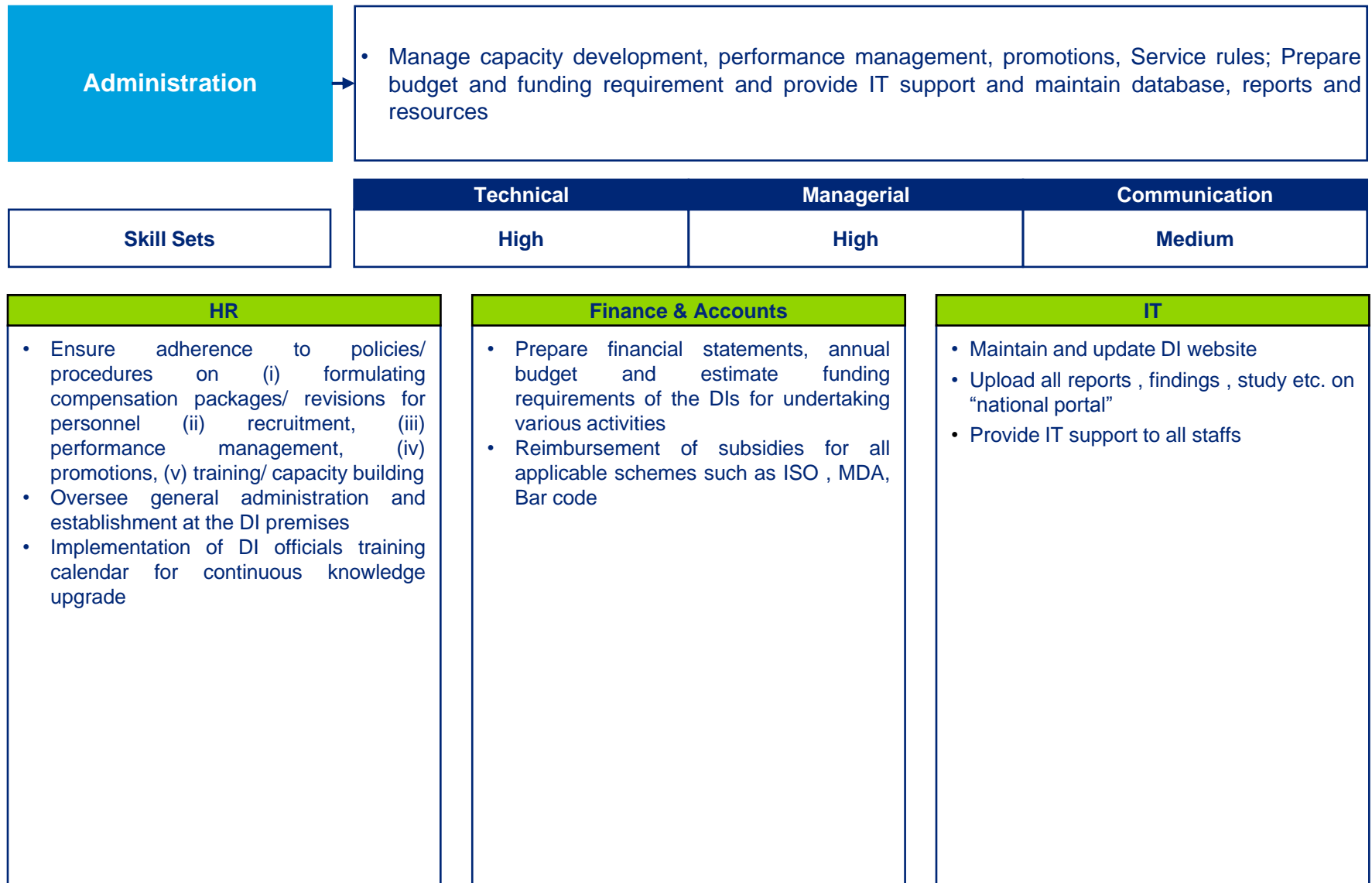
#3.3 Description of activity /services, cont.



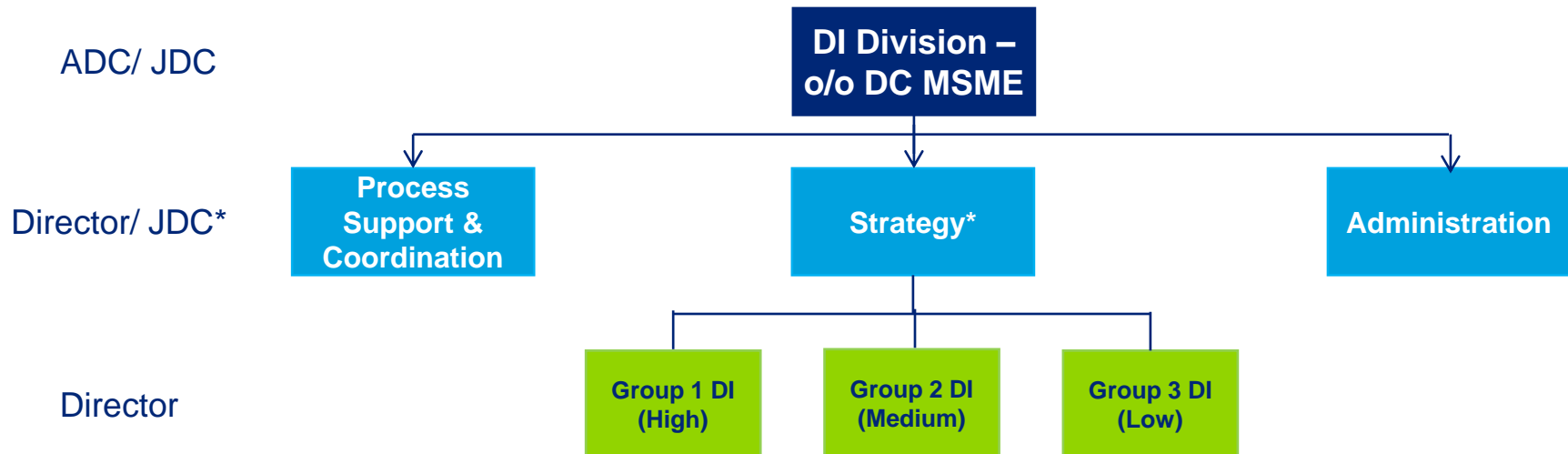
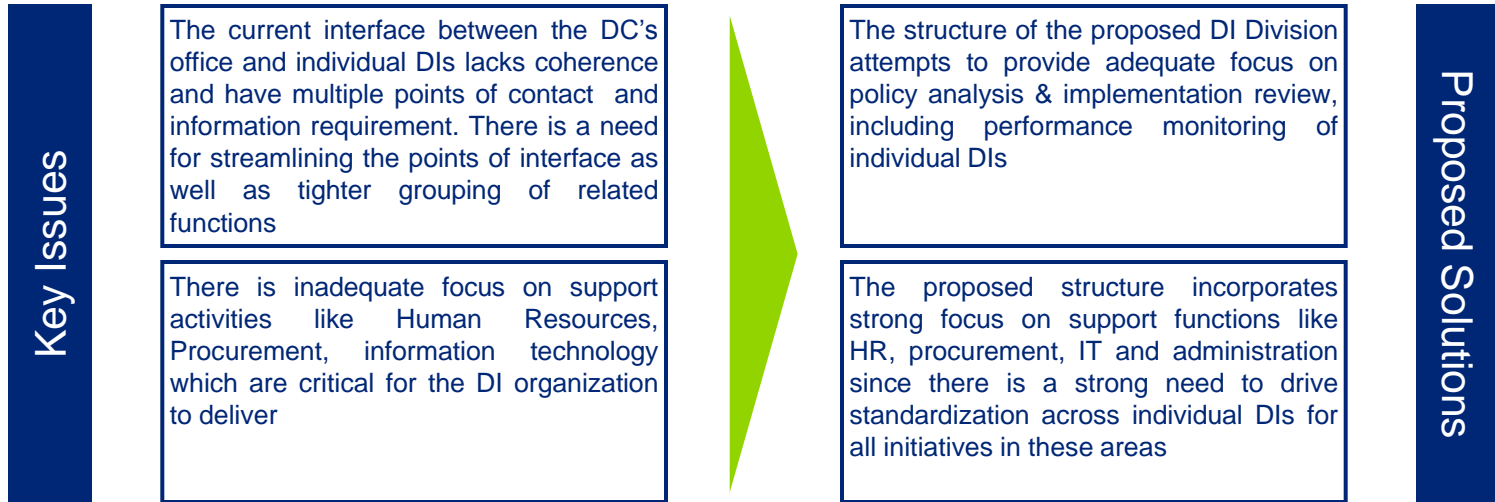
#3.3 Description of activity /services, cont.



#3.3 Description of activity /services, *cont.*



3.4 Governance Structure (D I Division) at office of DC, MSME



* Strategy is headed by JDC

#3.5 Description of activity /services

Strategy

- Develop , manage & strengthen linkage with Centers of Excellence/ R&D centers/ nodal scheme implementing agencies at the national level for ensuring coordination among DIs and the respective agency at the field-level for facilitating technical support, R&D support, technology transfer, scheme benefits to intended beneficiaries
- Categorize the DIs in 3 group based on current performance, infrastructure level, local economic conditions
- Target Setting and Monitoring individual DI performance
 - a. Setting the annual target
 - b. Review and update of performance monitoring metrics at organization and at individual level
- Leveraging field-level presence of DIs in order to secure feedback from MSMEs as part of public consultation process on existing and proposed policy interventions in order to ensure that the same addresses the specific requirements of the targeted beneficiaries.
- Continuous capacity development of DI officials to undertake the mandated functions / services, based on periodic training need assessment and monitoring of feedback of intended beneficiaries on DI performance

Process Support & Coordination

- Develop i) standard templates to be followed for contracting and empanelment of respective vendors / specialist agencies along with ii) specifications on bid process management to be followed for empanelment based on assessment of requisite capability, infrastructure available etc.
- Coordinate with respective scheme division and Steering Committee to seek approval for pending requests from respective DIs for approvals along with associated fund disbursement
- Ensure timely availability of funds with the respective DIs for disbursement against claims made by beneficiaries of schemes
- Development of systems & processes to facilitate information collection from DIs with respect to the following:
 - a. Sharing of curriculum developed by respective DIs for any new course introduced to ensure its technical vetting and standardization for use by other DIs
 - b. Updates to the trainee database to facilitate follow-up
 - c. Client/ Beneficiaries of DI services and schemes
- Provide IT support for DI websites, Intranet, etc.

Administration

- Ensure adherence to policies/ procedures on i) formulating compensation packages/ revisions for personnel, ii) recruitment, iii) performance management, iv) promotions, v) transfer etc.
- Coordination with central Pay & Accounts section for fund requirement (subject to budgeted allocations) of respective DIs, like those related to infrastructure up gradation, building maintenance, office expenses, TA/ DA, salary, vehicle procurement & maintenance, etc.
- Coordinate with “training cell” in DC office for release of training funds

4. Process Improvement Recommendations

4.1 Analysis of Operational / Legal Construct

Level of delegation	Issues with existing service delivery model	Mitigation measures in envisioned state
Internal capacity / competency	<ul style="list-style-type: none"> Limited empowerment to individual DIs in i) deciding on trainee composition, ii) conducting market-driven training programs, iii) approving reimbursements as part of respective scheme Limited capacity development / refresher courses for DI officials has impacted ability to offer requisite technical services, which are being offered with alternate agencies with limited geographic outreach vis-a-vis DIs Lack of exposure of DI staff to latest technologies across various sectors impacts ability to provide requisite hand-holding support Limited support is availed from external specialist agencies / entities in terms of i) capacity development of DI officials, ii) supporting MSMEs with specific skill-sets which may not be available in-house with DI officials 	<ul style="list-style-type: none"> Higher level of delegation of powers to DIs with associated accountability through monitoring of pre-defined performance metrics Investment in study tours / exposure visits for DI officials both domestically / internationally would help develop familiarity of DI officials with latest technologies and ability to offer value-added services to MSMEs Linkages need to be established with specialist agencies for capacity development of DI officials to facilitate them in offering requisite technical services (specifically those related to NMCP) Linkages need to be established with specialist agencies for i) capacity development of DI officials to facilitate them in offering requisite technical services, ii) providing specialized technical inputs for which DIs may not have the requisite technical skills
Linkages with other specialist agencies / entities		

• Considering the proposed mitigation measures, there appears to be no business case for changing the current operational / legal construct of DIs associated with existing service offerings

4.2 Human Resources

Key Issues	Recommendations
Limited career growth opportunities	<ul style="list-style-type: none">• Transition to a cadre-based service with one-time fitment to address existing anomalies:<ul style="list-style-type: none">– Will ensure time-bound promotions, subject to achievement of requisite level of performance levels– Will address pay-scale related anomalies at respective hierarchical levels
Absence of job descriptions for key positions (other than Director) → lack of job differentiation	<ul style="list-style-type: none">• Need for a standard objective key result area (KRA) based job description for the key officials (including the levels below the Director)<ul style="list-style-type: none">– Performance metrics for respective individuals to be cascaded down from organizational objectives
No fixed tenure in the absence of systematic transfer policy	<ul style="list-style-type: none">• Adoption of a systematic transfer policy<ul style="list-style-type: none">– Linking transfers to organizational objectives & requirements, individual performance and succession planning– Consultation with DI Director prior to transfer decision
Absence of functional specialization	<ul style="list-style-type: none">• Adoption of an organization structure which incorporates required functional specialization<ul style="list-style-type: none">– Need to balance trade / sector focus with functional specialization– One time exercise for fitment of existing DI officials to new / redesigned roles with associated training support

4.2 Human Resources, *cont.*

Key Issues

Mismatch in trade specializations vis-à-vis focal MSME sectors in respective DI locations

Training interventions undertaken through internal institutes, with limited focus on technical / functional aspects -> absence of exposure to modern sector-specific technologies

Recommendations

- One-time assessment of trade-specific requirements at each DI in line with focal MSME sectors in the state vis-à-vis the existing availability of respective trade personnel
 - Rationalization in case of excess at one location and corresponding deficit in another can be achieved through a transparent transfer policy
 - May need augmentation in form of recruitment for select trades like food processing having deficiencies across all DIs, with distribution to be based on relative focus on the same in each state
 - Need for sharing trade-specific experts among DIs to bridge mismatch of trade specialization across locations, along with intranet-based knowledge sharing
-
- Developing an organization-wide training policy with focus on behavioral and technical training (including IT skills)
 - One-time exercise for creating a role-based competency matrix and a training calendar
 - Technical training to be delivered through empanelled centers of excellence / specialist sector-specific agencies
 - Nomination to short-term training courses in established international sector / trade specific centers of excellence on technology trends, quality, business-related issues etc.
 - Study tours/exposure visits to be organized to peer agencies in US, UK, Japan, Germany to facilitate development of functional specialization

4.2 Human Resources, *cont.*

Key Issues

Lack of incentive to DI staff to augment / update their knowledge and skill-sets

Recommendations

- Motivation in form of formal incentive / reward & recognition scheme can be considered for encouraging DI officials in updating their knowledge and skill-sets which would make them relevant for meeting techno-managerial consultancy requirements of industry.
 - Will require policy along with mechanism to be formulated for allowing DI personnel to retain a pre-determined part of revenues generated from techno-managerial consultancy support provided by them to MSMEs

4.3 Support Process

Key Issues

Limited interaction with industry associations/ cluster agents and MSMEs

Recommendations

- Strengthen coordination through regular/ periodic interactions with other stakeholders such as Industry associations, cluster development agencies, state institutions like DICs, etc. to enhance the level of awareness about schemes and services of DIs among target beneficiaries and identify the needs.
- For this purpose, DIs should draw up a detailed monthly plan for conducting meetings with respective DICs / MSME associations in key clusters along with allocation of responsibility for the same among its officials and monitoring of the same by the senior management team
- These interactions should also be used to identify i) locations where awareness needs to be created for enhancing outreach and ii) intended beneficiaries in order to improve the effectiveness of such awareness programs

4.3 Support Process, *cont.*

Key Issues

Centralized decision making results in high service delivery time

Limited availability and utilization of ICT infrastructure and competencies for knowledge sharing, information dissemination and service delivery

Recommendations

- Greater level of delegation of powers to the respective DI officials in planning & implementing training programs and schemes implementations, with focus on the following:
 - a. Ensuring composition of trainees should be in line with ground realities in the respective state -> especially with respect to programs targeting weaker sections of the society
 - b. Availability of funds for training and scheme grants at the start of financial year / each quarter.
 - c. Review of existing cap on payments made to faculty per session, including travel allowance, to enable encouragement to training programs undertaken even in rural / semi-urban areas

- Upgrade of office infrastructure, IT connectivity and Deployment of ICT-based knowledge management tools* is required to support technical officials in discharging their duties more efficiently and present a more customer-friendly face to MSMEs and other stakeholders.
- The key IT infrastructure requirements include:
 - a. Knowledge sharing among DIs (intranet etc.)
 - b. Subcontracting and Matchmaking database
 - c. Standardization of all DI websites and linkages with proposed National Portal

* Please refer Annexure 8.3.8 through 8.3.12 for details

#5. Recommendations for DI Plan Schemes

5.1 Recommendations for DI Plan Schemes

- There are 16 MSME- DIs/ Branch DIs under the plan scheme as given below:
 - MSME DI Haldwani
 - MSME DI Imphal (North-east)
 - Br. MSME DI Dipu (North-east)
 - Br. MSME DI Tura (North-east)
 - Br. MSME DI Tezpur (North-east)
 - Br. MSME DI Aizwal (North-east)
 - Br. MSME DI Suri
 - Br. MSME DI Port Blair
 - Br. MSME DI Vishakhapatnam
 - Br. MSME DI Silvasa
 - Br. MSME DI Gulbarga
 - Br. MSME DI Rewa
 - Br. MSME DI Rayagada
 - Br. MSME DI Tuticorin
 - Br. MSME DI Lakshdweep
 - Br. MSME DI TDCHT Nagaur
- **All the above DIs are located in remote areas with limited presence of alternate service providers and hence play an extremely critical role in spreading policy benefits at the grass root level. These DIs have been playing a vital role in strengthening MSMEs in remote and inaccessible parts of the country and to effectively implement schemes and support programs of Office of DC-MSME in such locations.**

5.1 Recommendations for DI Plan Schemes, *cont.*

- The following statistics describe in detail the performance of DIs covered under the Plan Scheme in terms of % achievement of expenditure over estimated budget. It clearly indicate that such DIs have achieved a good performance (75-90%) in terms of meeting target objectives.

	Plan Scheme MSME DIs & Br. MSME-DIs		
Year	Revised Budget Estimate (in Rs crore)	Expenditure (in Rs crore)	%
2007-08	3.8	3.16	83%
2008-09	6.51	5.17	79%
2009-10	7.7	6.41	83%
2010-11	7.6	6.77	89%
2011-12	8.7	6.79	78%
2012-13 (till Dec'12)	9.12	6.0	66%

- Given the above, key strengths and high degree of institutional relevance of MSME-DIs especially in remotely located areas with limited presence of alternate service providers, it is recommended to continue supporting and further strengthening of these DIs under the Plan Schemes (MSME DIs & Br. MSME-DIs) thereby ensuring that the policy benefits reach the intended beneficiaries.
- Further, it is also recommended to evaluate the feasibility of further increasing and strengthening the network of DIs in existing and other inaccessible areas/geographies/emerging industrial hubs under the Plan Scheme in order to ensure that policy benefits reach the under-served.

6. Proposed Performance Monitoring Metrics

6.1 Performance Monitoring Metrics

- The proposed metrics highlighted for the respective activities comprises i) **Input based metrics**, ii) **Outcome based metrics** and iii) **metrics** which can be assessed through independent third party surveys of beneficiary MSMEs, including the mid-term evaluation of schemes and support programs

Information, Coordination & Skills	Activity	Current Metrics	Proposed Metrics
	Training programs pertaining to i) skill and entrepreneurship development viz. EDP/ ESDP/ BSDP, ii) management development (MDP) and iii) Motivational Campaigns	<ul style="list-style-type: none"> No. of programs conducted No. of persons trained 	<ul style="list-style-type: none"> No. of programs conducted No. of programs conducted per DI staff Trainee profile (# of undergraduates / graduates/ post graduates etc.) No. of persons trained No. of persons provided handholding support, post training No. of successful (registering for Entrepreneurs Memorandum Part 1 and 2) entrepreneurs developed Entrepreneur/ Trainee satisfaction levels with training Increment in income levels post training
Market driven skill development programs under PD Account	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of programs conducted No. of persons trained No. of trainees absorbed by the industry Revenues contributed by PD account programs as a % of total revenues Trainee satisfaction levels with training Increment in income levels post training 	

6.1 Performance Monitoring Metrics, *cont.*

Activity	Current Metrics	Proposed Metrics
Awareness of schemes and Services	<ul style="list-style-type: none"> No. of awareness programs conducted No. of persons participated 	<ul style="list-style-type: none"> No. of awareness program conducted No. of persons participated No. of individuals from training programs who availed respective schemes
Access to Finance	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of quarterly Cluster level financing Gap report No. of MSMEs referred by DI for preparation of bankable projects No. of MSMEs successful in availing finance from financial institutions
Resource Empanelment	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of individual /institutions empanelled No. of MSMEs successfully linked with empanelled resource
Incubation Support	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of incubation proposals referred to business incubators by DI No. of incubation proposals accepted by incubation centers

6.1 Performance Monitoring Metrics, *cont.*

Activity	Current Metrics	Proposed Metrics
Feedback mechanism on existing / proposed policy framework	<ul style="list-style-type: none"> • Not Applicable 	<ul style="list-style-type: none"> • No. of feedback sessions conducted with industry associations / chambers of commerce • No. of changes suggested to existing / proposed policy framework based on feedback from MSME industry associations
Scheme Implementation (Reimbursement Administration)	<ul style="list-style-type: none"> • No. of applications disbursed • Amount disbursed under respective schemes 	<ul style="list-style-type: none"> • No. of applications disbursed • % of applications disbursed • Average time taken for amount disbursement / processing applications for respective schemes • Amount disbursed under respective schemes
Public Procurement	<ul style="list-style-type: none"> • Not Applicable 	

6.1 Performance Monitoring Metrics, *cont.*

Activity	Current Metrics	Proposed Metrics
Capacity Assessment	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • No. of MSME units assisted • % cases for capacity assessment conducted within the given time frame
Cluster Development Programs	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • No. of MSME clusters supported • No. of DSR prepared for undertaking soft interventions • % DPRs approved for implementing hard interventions • No. of CFCs set up as part of cluster development initiative
Facilitate implementation of other schemes (NMCP etc.)	<ul style="list-style-type: none"> • Not Applicable 	<ul style="list-style-type: none"> • No. of applications received from MSMEs for implementation of respective NMCP schemes • % of applications approved for implementation of respective schemes

6.1 Performance Monitoring Metrics, *cont.*

Activity	Current Metrics	Proposed Metrics
Common Facility Centres (CFCs)/ Workshop	<ul style="list-style-type: none"> Annual revenue from CFC/ Workshop activities 	<ul style="list-style-type: none"> No. of MSMEs availing workshop facilities No. of persons trained at the facility Overall % capacity utilization of respective machines at the CFC/ Workshop Annual revenue from Training / Workshop activities
Operations Improvement	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of MSME units assisted Savings in production cost for MSME units assisted
Vendor Development Program (VDP) / Public Procurement Policy implementation support	<ul style="list-style-type: none"> No. of programs conducted No. of MSMEs participated 	<ul style="list-style-type: none"> No. of programs conducted No. of MSMEs participated No. of vendors empanelled by PSUs for sourcing product requirements
Research and Development Support	<ul style="list-style-type: none"> Not Applicable 	<ul style="list-style-type: none"> No. of MSMEs referred to the R&D institutes by DI No. of R&D proposals which have gone through successful demonstration of new technology/ products

#7. Implementation Plan

7.1 Overall Approach....

- Implementation of recommendations should be done in a collaborative manner with DI directors, employees and will involve partnership of efforts between o/o DC MSME and DI
- Each recommendations should be reviewed and discussed to ensure that context and issues identified are clearly understood



Phases	Key Activities
Consultation	<ul style="list-style-type: none">• 2 day Consultation workshop with all DI directors and select employees to review, discuss and prioritize the key recommendations
Preparation	<ul style="list-style-type: none">• Identification of single nodal person in o/o DC MSME for overall implementation plan and monitoring• Nominate action officers in o/o DC MSME for related set of recommendations with specific time frame• Form committee (3-4 persons) of DI directors and employee to support the nominated action officers
Action	<ul style="list-style-type: none">• Necessary actions (detailed out subsequently) are completed by action officers
Adoption and Monitoring	<ul style="list-style-type: none">• Adoption of the same by DI and monitoring of the progress by nodal person in charge

7.2 Plan

Broad Area	Key Recommendations	Activities	Action Officer	Time Frame			Progress
				Short <6 months	Medium 6-12 months	Long >12 months	
Policy & Strategy	<ul style="list-style-type: none"> Role, functions, service including delivery model and organizational structure need revision Formulate incentive policy 	Arranging approval of competent authority (AS & DC MSME)		●			
		Notification of the same across organization		●			
		Formulate policy and develop mechanism for providing incentives/ rewards to DI personnel				●	
Organizational Structure	<ul style="list-style-type: none"> Revise organizational structure of DI Setting up /strengthening of DI division at o/o DC MSME 	Finalize job description of all key position /sub function, skill sets required and performance metrics		●			
		Carry out a systematic manpower planning (profiling and mapping) for fitment into revised organization structure		●			
		On basis manpower planning fill in the revised positions with closest fit				●	
		Identify the vacant positions to be further filled through				●	
Process	<ul style="list-style-type: none"> Leverage competencies and knowledge of public and private service providers for service delivery 	Classify the role of different type of service providers and institutions for different activities (awareness, training, consultancy etc.)		●			
		Develop standard template for empanelment and contracting		●			
		Identify the services/expertise to be empanelled /procured across DI		●			
		Empanel service providers				●	

7.2 Plan, cont.

Broad Area	Key Recommendations	Activities	Action Officer	Time Frame			Progress
				Short <6 months	Medium 6-12 months	Long >12 months	
Process	• Implement systematic target setting	Categorize all DI in 3 category based on existing performance, infrastructure, level of industrial activity			●		
		Develop different target for each category of DI in consultation with DI directors			●		
	• Implement objective performance management system	Validate and reconfirm suggested performance metrics for all division including activity/ service level			●		
		Design process for performance management including forms, time line, forums for review and moderation			●		
		Implement IT enabled performance management system			●		
	• Upgrade of ICT Infrastructure	Standardize DI websites branding, appearance and link it with National Portal				●	
		Develop requisite IT enabled system for knowledge sharing, client feedback, performance and process monitoring				●	
Provide Laptop with internet facility to all DI officials above AD grade II					●		
Service	• Strengthen scheme awareness, information, guidance	Prepare a glossary of all relevant support schemes for information dissemination		●			
		Carry out “workshops” with all officers of Information, coordination and skills division on available schemes		●			

7.2 Plan, cont.

Broad Area	Key Recommendations	Activities	Action Officer	Time Frame			Progress
				Short <6 months	Medium 6-12 months	Long >12 months	
Service	• Strengthen DI's role in scheme implementation, as much as feasible	Review all reimbursement based schemes (e.g. MDA) and evaluate the feasibility of giving DI full decision making and administrative responsibility			●		
		Notify the revised list of schemes with DI role			●		
		Each DI to be made node of "match making platform" on national portal					●
	• Revive Sub Contract exchange	Mandate of sub contract exchange to be revised as public procurement match making exchange		●			
		All existing data are validated before putting on the revised exchange					●
	• Training delivery should be institutionalized with empanelment of partners	Standardization of training curriculum		●			
		Implement decentralized planning		●			
		Empanel institutional partners for training delivery			●		
		Make each TR responsible for certain DI with CFC		●			
	• Leverage CFC mainly as a Technical Training Centre	TR carry out a machinery assessment at CFC for technical training			●		
		DI officials are trained as trainers			●		
		Formalization of DI – TR relations – wherein DI act as an extension centre for specified training programme			●		

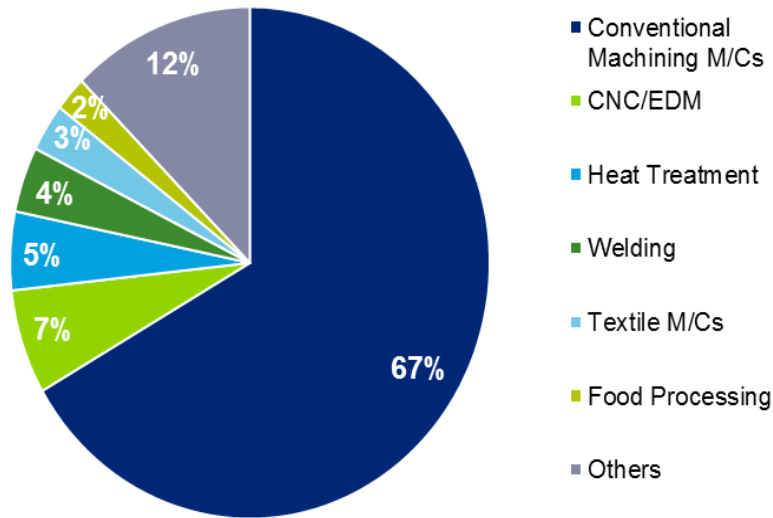
7.2 Plan, cont.

Broad Area	Key Recommendations	Activities	Action Officer	Time Frame			Progress
				Short <6 months	Medium 6-12 months	Long >12 months	
Service	• Set up Technology Transfer Centre	DI to identify 1 key sector for TTC				●	
		Process division identifies national /international knowledge partner /s for TTC				●	
		Partnership is formalized with clear description of role, responsibility , cost etc				●	
HR	• Transition to Cadre Based service rules	Already under process , arrange approvals of competent authority/ministries			●		
		Notifies the same			●		
	• Systematic and Transparent Transfer Policy	Develop a “Transfer Policy” with fixed tenure (minimum 3 years) for officials and provision of mandatory consultation with DI division and DI directors		●			
		Carry out one time transfer based on Manpower profiling and to remove mismatch in trade specialization			●		
		Introduce “new transfer policy”		●			
	• Continuous Capacity Building (skills enhancement) of HR	Carry out “Training Need Assessment” as per the revised organizational structure and service portfolio and Develop competency framework for each unique roles			●		
		Develop/update training policy			●		
		Create a training cell in O/O DC MSME			●		
		Identification of training partners			●		
		Development of training plan and calendar Covering technical and behavioral			●		
Train existing staff regularly as per policy					●		

#8. Annexure

8.1 CFC: Functional mix of equipment

Functional Mix of machines at CFC/ Workshop across DIs



Source: Response to questionnaires from DIs

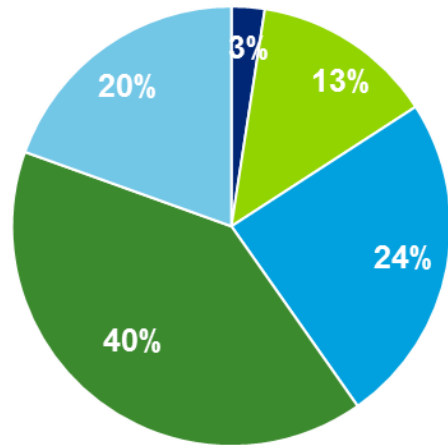
- Most of the CFCs/ Workshops at DIs (including branch DIs) are equipped with conventional machines*, Welding and heat treatment equipment
 - However, select DIs like Chennai, Delhi, Mumbai, Kolkata, Indore, Kanpur, Ludhiana, Thrissur, Bangalore, Jaipur are also equipped with higher precision machines like CNC Lathe/ Wire Cut Electric Discharge Machine (EDM) machines
- Mismatch in machinery vis-à-vis focus MSME sectors at CFCs/ workshops in select DIs e.g. absence of textile machinery in DIs located in Ahmedabad, Ludhiana, etc.

- Services offered by the CFCs/ workshops is limited to basic machining primarily catering to typical engineering/ fabrication units
 - Facilities primarily utilized for offering i) training and ii) job work - Chennai DI has given on hire 3 CNC machines on job work to engineering units in proximity; Bangalore DI primarily uses CNC machines for imparting training
 - Beneficiaries confined primarily to tiny/ micro units located within 5-10 Km from the DIs

*Conventional machines comprise primarily Lathe, Grinding, Milling, Drilling, Shaping, Hacksaw and press; Textile machines comprises sewing, skiving, splitting, punching machines; Food processing includes juicer/ mixer/ blender, pulper, cap sealing, corking m/c, sugar grinding machines; Others include Mill, wheel, Surface table, etc.

8.1 CFC: Age mix of machines

Age Mix of Non-operational machines at CFC/ Workshop across DIs

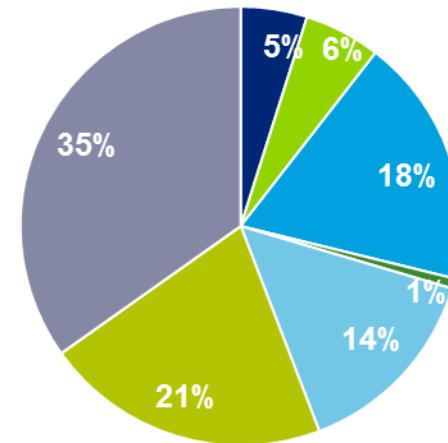


■ 0-5 years
 ■ 11-15 years
 ■ 21-30 years
■ 31-40 years
 ■ Above 40 years

Source: Response to questionnaires from DIs

- Around 23% of the equipment in CFCs are non-operational on account of age or breakdown

Age Mix of Operational machines at CFC/ Workshop across DIs



■ 0-5 years
 ■ 6-10 years
 ■ 11-15 years
■ 16-20 years
 ■ 21-30 years
 ■ 31-40 years
■ Above 40 years

Source: Response to questionnaires from DIs

- Out of the machines which are operational, around 56 % are over 30 years old

#8.1 CFC: Equipment utilization

Name of DI	No. of machinery	% of specialized machinery	Type of services offered*	Estimated Utilization levels*	Key Beneficiaries*
Bangalore	6	50%	Primarily Training	15%	Engineering Sector
Chennai	12	33%	Primarily Job work	30%	Engineering Sector
Guwahati	15	0%	Primarily Job work	5-10%	Chemical, Engineering Sector
Indore	16	6%	Primarily Training	Low	Automobile/ Engineering Sector
Jaipur	17	24%	Primarily Training	Low	Engineering/ Fabrication
Kanpur	8	25%	Primarily Job work	50%	Engineering/ Fabrication
Kolkata	47	6%	Primarily Job work	Low	Glass and Ceramics, Engineering Sector

*Based on interactions with DI officials

Source: Response to questionnaires from DIs

#8.1 CFC: Key conclusions

- Low equipment utilization (<30%) at CFCs in most of the on account of:
 - 74% of the machines being over 20 years old leading to high obsolescence
 - Around 23% of equipment being non-operational
 - Alternate service providers in the form of private sector players / tool rooms / other Government agencies offering similar facilities
- Most of the CFCs visited as part of field visits are being used for purposes of training or limited job work. There is significant variance in utilization levels across the type of machines; while conventional machines are primarily lying idle, utilization levels for CNC/ EDM machines are relatively higher across DIs
- Variance in utilization levels of CFC/ workshop across DI locations
 - Relative utilization levels for CNC machines are higher in Tier 2 cities like Kanpur (50%) vis-à-vis Tier 1 cities like Bangalore (15%) and Chennai (30%), since the alternate service provider network in Tier 1 cities is relatively better developed. In cities like Bangalore and Kanpur, fees charged by alternate service providers were reported to be lower than fees charged by DI-CFCs
- Even in locations where utilization levels are in excess of 30%, CFCs impact limited number of MSMEs, with most of them being within a radius of 5-10 Km from the DI
- In most of the DIs visited, there were around 3-4 personnel assigned to the CFCs with the requisite skills to operate the equipment / machines. However, with around 70% of the equipment being for conventional machining, there may be a need to upgrade skills should a decision be taken for installing precision equipment in select locations

#8.1 CFC: Key conclusions, *cont.*

- **Evolving requirements of MSMEs vis-à-vis CFCs / workshops**
 - Need for skilled resources trained on conventional / advanced machines deployed by the respective unit
 - Specifically in Tier II /Tier III cities, job-work typically on precision / advanced machines for ensuring better quality is still somewhat relevant
 - High proportion of obsolete and / or non-operational machines
 - Limited number of trained operators within DI staff
- **Alternate service providers**
 - Multiple operators providing common facility centers / workshops
- **Policy implications**
 - Presence of multiple schemes from Ministry of MSME which support development of common facility centers at the regional / cluster level to increase outreach among target beneficiaries

#8.2.1 Proposed levels of Hand-holding Support

Defining the recommended role, functions and services

Level of support services

Recommended Operating Model

Level 1: Free helpline inquiry service

State level toll free helpline inquiry service can be set up for the DIs, with trade / functional specialist answering queries/ issues/ concerns of the entrepreneurs in the state

Level 2: Free one-day, onsite manufacturing diagnostics

Specialists from DI can visit MSMEs to conduct initial diagnostics to identify improvement opportunities related to operations, technology deployed etc.

Level 3: Networking and awareness creation

Leverage the onsite assessment to facilitate visits to units having implemented best practices in geographic vicinity which can highlight impact of implementation of improvement opportunities

Level 4: Subsidized consultancy support

External experts / specialists empaneled with DIs can conduct a detailed assessment for purposes of operational improvement – part funding of the same could be through the applicable Government scheme (NMCP, for example)

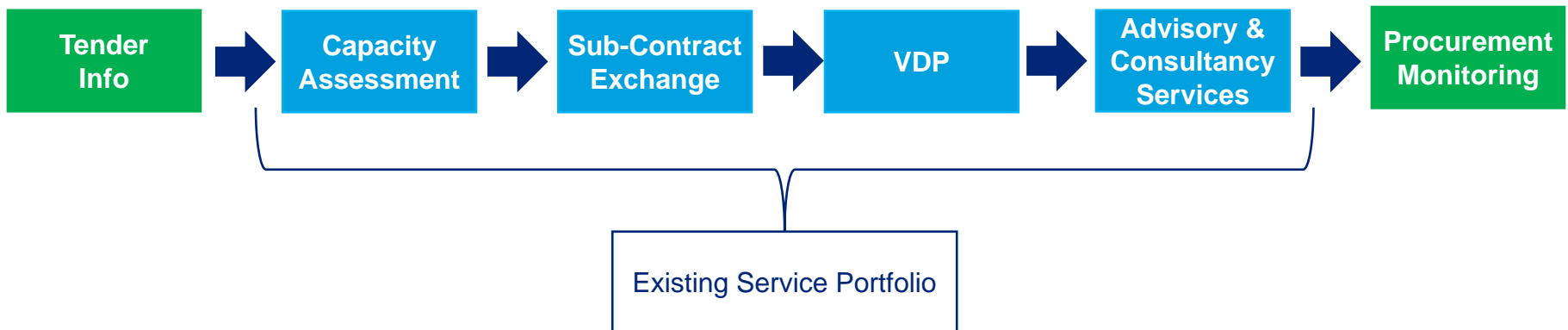
Level 5: Assistance in non manufacturing areas

DIs can empanel specialist service providers in non-manufacturing areas (finance, project appraisal, marketing, exports etc.) to which entrepreneurs can be referred based on specific requests – funding support may be made available to support such referrals to specialists, depending on the schemes available

#8.2.2 Public Procurement Policy: Proposed role

- **Strength and Potential USP**

- DIs have a unique USP with field-level presence in 58 locations > can be leveraged to make MSEs aware of open public tenders
- DIs conduct vendor development programmes where representatives from PSEs are invited to interact with MSEs to sensitize them on their supply requirements so that MSEs can plan ahead
- DIs are in a position to leverage their technical support services to enable MSEs streamline their production processes, quality standards and accreditations so as to meet the technical requirements of the public sector procurers
- Through proper use of information technology and their ability to understand technical specifications, it should be possible for DIs to disseminate information on open tenders as well as procurement plans of public sector agencies with MSEs across the country
- Being under the same Ministry, DIs are also well placed to coordinate with other agency e.g. NSIC to facilitate empanelment / registration of MSEs



#8.2.2 Public Procurement Policy: Activity of DI

Issues likely to impact implementation

Limited awareness of MSEs with respect to i) product requirements, ii) adherence to quality standards/ timelines and iii) procedures for vendor enlistment

Lack of access to information related to Government procurement tenders among the MSEs on account of limited IT infrastructure and awareness

DI Activity

- As part of VDPs, DI should assist in capacity building of MSEs by offering value added services in terms of guidance on i) product requirements, ii) procedures for vendor enlistment, iii) adherence to quality norms, delivery schedule, etc.
- Sub contract exchange to be revamped to act as an information database on MSEs related to product portfolio, capacity, quality accreditation, etc.
- Monitoring of tenders floated by Central Ministries/ Departments/ Public Sector Undertakings
- Setting up an institutional mechanism for dissemination of specific tender related information among Industry associations and MSEs leveraging information technology, in collaboration with the concerned Ministry and department, as applicable

#8.2.2 Public Procurement Policy: Activity of DI, *cont.*

Issues likely to impact implementation

Need to upgrade technologies and business processes of MSEs to enhance competitiveness and ensure that they meet PSU quality and timely supply requirements

Absence of a structured mechanism for enabling MSEs to forward grievances to the proposed "Grievance Cell" to be set up under MoMSME

DI Activity

- Organizing buyer seller meets and assist MSEs in understanding specific PSU procurement requirements, to be followed up by identifying required technology & process-related interventions to overcome production constraints, if any
- Act as a facilitator in redressing grievances of MSEs with respect to procurement from concerned agencies
 - Collate grievances in a standard template and forward the same to the Grievance Cell
 - Follow up on the outcome of the grievance and disseminate the same among the MSEs

#8.3 International Practices by MSME Development Agencies

- Key Government agencies / entities associated with MSME sector development in the respective countries which have a mandate similar to MSME DIs have been detailed in the table below along with salient highlights:

Country	Agency / Entity	# of centers / offices	Funding mechanism	Year founded
United States of America	Manufacturing Extension Partnership (MEP)	60 state and regional centers		1988
United Kingdom	Manufacturing Advisory Services (MAS)	9 regional centers	Cost sharing between Federal Govt & MSME	2002
Canada	Industrial Research Assistance Partnership (IRAP)	150 offices in 90 communities		1962
Germany	Fraunhofer Institutes*	57 institutes	Funding support from Federal Govt primarily to Universities / R&D institutes	1949
Germany	Steinbeis Centers*	750 centers		1971
Australia	Enterprise Connect	12 centers		2008
Japan	Public Industrial Technology Research Institutes (Kohsetsushi Centers)	262 offices (182 centers)	Cost sharing between Local Govt & MSME	1902
Korea	Korea Technology Transfer Centers / Korea Technology & Information Promotion Agency	-	-	2000

* Owned and operated by the private sector unlike other agencies which are under the administrative control of the respective Governments

#8.3.1 Best Practices: Governance structure and evolution

- Most of the MSME support agencies detailed in the previous slide are governed centrally at the Federal Government level with field-level presence in form of regional centers / offices which work in close cooperation with the local government to deliver respective services
 - One of the key exceptions is Kohsetsushi Centers which are owned, financed and operated by the local / regional Governments with focus on growth of locally situated businesses as a strategy for economic development
- Evolution of service footprint of MSME support agencies globally is a function of level of development and maturity of economy of respective country as detailed below:



#8.3.2 Best practices: Service Footprint

	Korea	Japan	Germany	UK	US	China
Technology acceleration programs						
• Promote technology adoption by SMEs	●	●	●	●	●	●
• Audit of SME Lean Manufacturing & Innovation processes		●		●	●	
• Business advisors working with SMEs		●		●	●	
• Promote technology diffusion from universities	●	●	●	●	●	●
• Perform R&D in partnership with SME	●	●				
• Provide access to research labs	●	●			●	
Technology acceleration – funding support						
• Direct R&D funding grants to SMEs	●	●	●			●
• Loans to SMEs for growing business	●	●				●
• Innovation vouchers			●			
• Funding joint pre-competitive research			●			

#8.3.2 Best Practice: Service Footprint, *cont.*

	Korea	Japan	Germany	UK	US	China
Manufacturing productivity improvement						
• Innovation and product development training	●	●		●	●	●
• Export assistance and standards training	●	●	●	●	●	●
• Promote energy efficient manufacturing		●	●	●	●	
• Training on role of design in manufacturing				●		
Market making role through linkages						
• Act as broker to other SME support services		●		●	●	
• Host best practice events / networking among SMEs		●		●	●	●
<ul style="list-style-type: none"> • Analysis of the functional mandate adopted globally by MSME support agencies highlights the following: <ul style="list-style-type: none"> – Focus on addressing demand-based requests from MSMEs either internally or by linking with empaneled list of advisors / specialist agencies, while providing financing support through respective cost-sharing models – Training function discharged is focused on existing MSMEs, with focus on addressing key productivity / efficiency / process related improvements to improve cost competitiveness, target export markets through innovations etc. 						

#8.3.3 Best Practices: SME Corp. Malaysia- “End-to-end services” approach

Vision	Premier organization for the development of progressive SMEs to enhance wealth creation and social well-being of the nation		
Functions	Coordination and Development	Advisory	Support
Activities	<ul style="list-style-type: none"> • Formulate broad SME policies across all sectors & coordinate tasks of related ministries and agencies • Monitor & evaluate effective implementation of policies and programs across ministries and agencies • Management of data, dissemination of information & research on SMEs 	<ul style="list-style-type: none"> • Business advisory through “SME Business Centre” • Disseminate information on Government funds and incentives • Channel for feedback on SME issues • Liaison for domestic and international communities on SME matters 	<ul style="list-style-type: none"> • Enhance competitiveness of SMEs using the SME Competitiveness Rating for Enhancement (SCORE) diagnostic tool • Provide infrastructure (ICT) support • Facilitate linkages with large companies and MNCs • Capacity building programmes

#8.3.3 Best Practices: SME Corp. Malaysia- “End-to-end services” approach, *cont.*

Mandate: To assist SMEs through an integrated approach in strengthening their core business, building capacity and capability & facilitating access to finance

Diagnostics

SME Competitiveness Rating for Enhancement (SCORE) Programme

SCORE is a diagnostic tool to evaluate and track SME’s capabilities and performance in management, operation management, technology adoption, certification initiatives, financial & marketing capability

Capacity Building

Skills Upgrading & Brand Awareness

Over 50 skill development centers & professional training partners appointed by SME Corp. across Malaysia to provide short term courses, entrepreneurship courses, awareness programmes on importance of branding and packaging

Business Accelerator Programme aimed at enhancing SME’s competitiveness

Facilitating Access to Finance

Access to Finance

Provide advisory services related to access to finance provided by various financial institutions

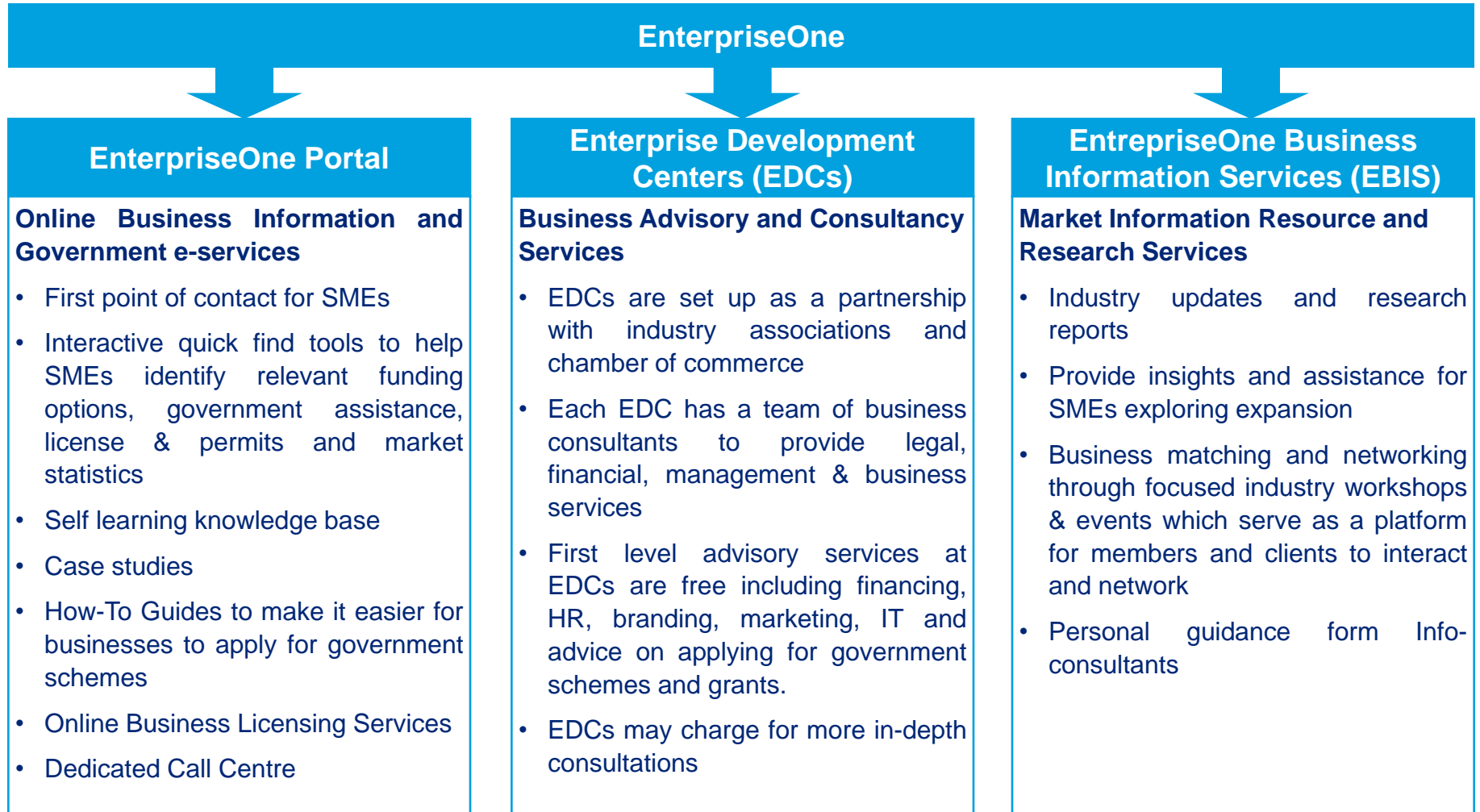
Advisory & Technical Support

One Referral Centre (ORC)

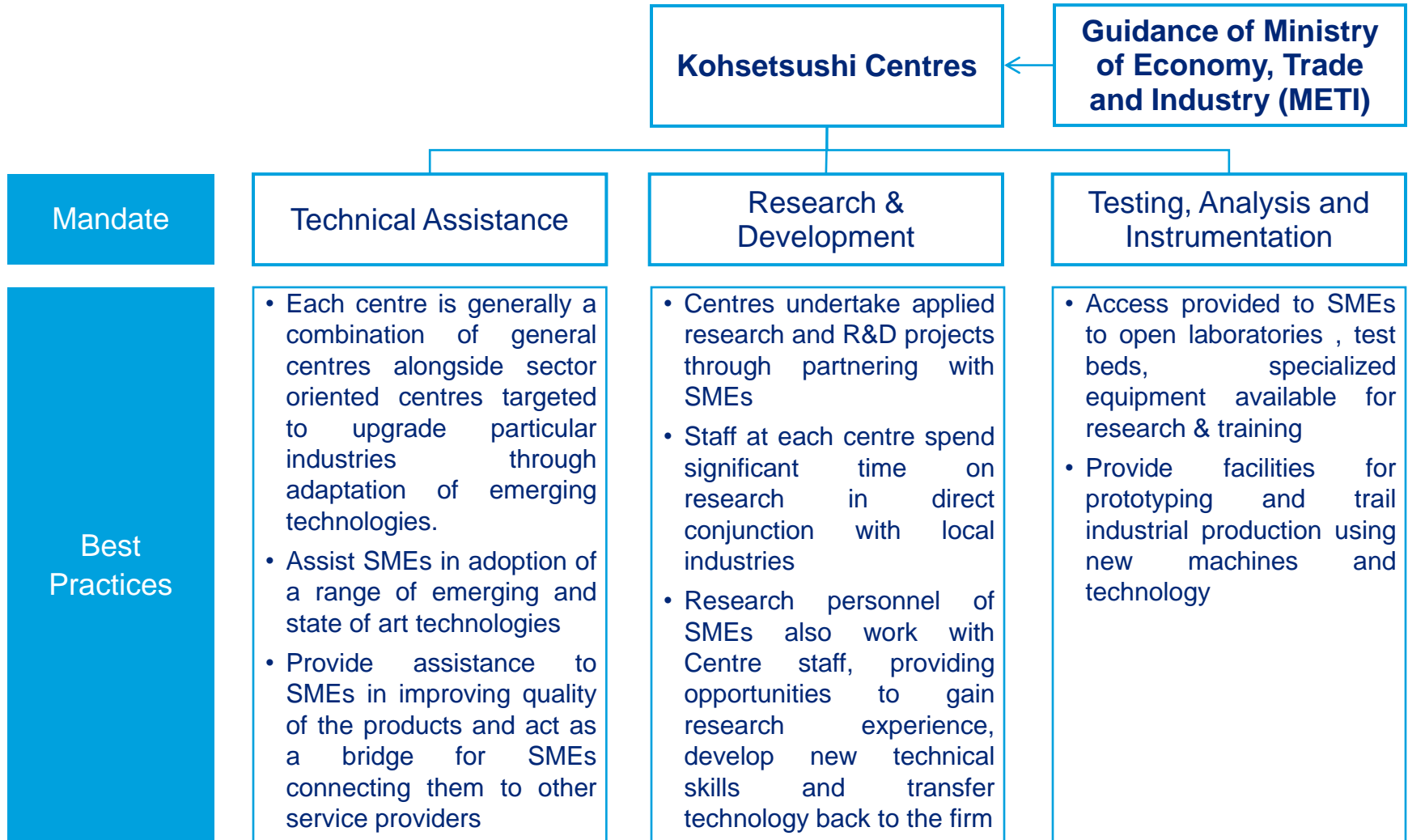
Provide advisory services for start ups and established business by Business Counselors and SME Expert Advisory panel in various fields such as technology, production capacity, automation, process, productivity & quality improvement, design

#8.3.4 Best Practice: SPRINGS, Singapore- “One stop shop”

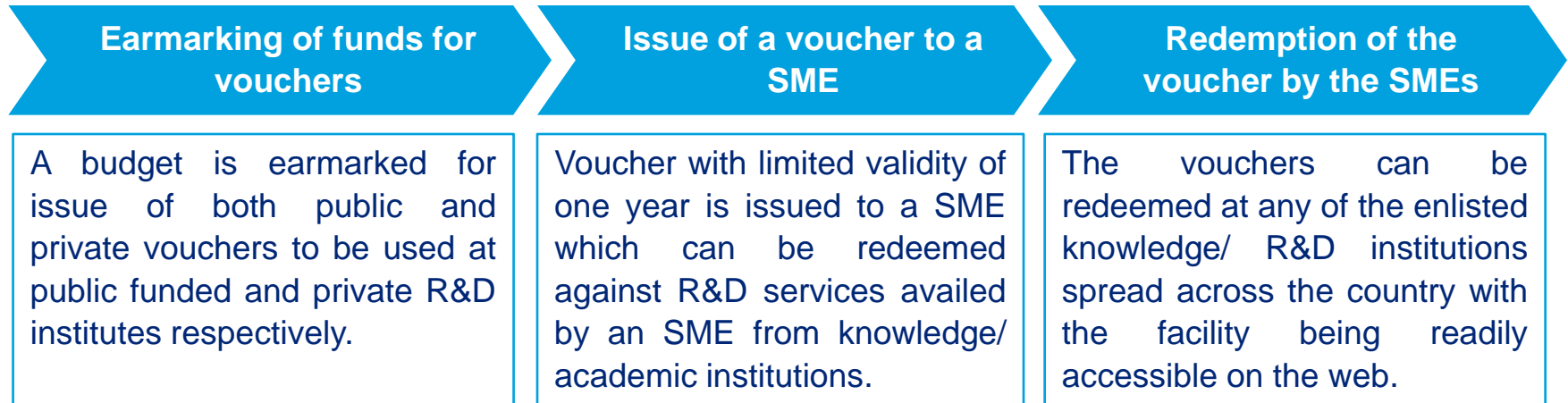
EnterpriseOne – An integrated and holistic support delivery system to provide a ‘one stop shop’ for SMEs needing access to government support



#8.3.5 Best Practice: Kohsetsushi Centers, Japan – “R&D / Incubation support”



#8.3.6 Best Practice: Dutch Innovation Vouchers Scheme, Netherlands – “Innovation support”



Key Advantages

- Facilitates SMEs in approaching public/ private knowledge institutions for enhancing or developing new products/ processes/ applications/ practices/ operations/ new technology innovation capabilities
- Eliminates financial risks involved for R&D institutes, as the voucher covers the cost of R&D services provided

Impact

- Increase in cooperation between the SMEs and R&D institutions - According to a study, approximately 58% of the participating SMEs in Netherlands would not have started the cooperation and linking with the R& D institutions without the vouchers
- Success of the scheme has led to similar schemes being rolled out in other countries like UK, Ireland, Belgium, Singapore.

#8.3.7 Best Practice: MAS-UK – “Technical Support Services”

Level of support services

Operating Model of MAS – UK

Level 1: Free helpline inquiry service

Manufacturing and business experts are available to answer questions on a range of technical issues

Level 2: Free one-day, onsite manufacturing diagnostics

MAS expert assess manufacturing operations of the respective firm and highlight improvement opportunities – may lead to additional services at higher level

Level 3: Networking and awareness creation

Organization of general awareness and networking events including visits to factories considered as having implemented “best practices” in the respective sectors

Level 4: Subsidized consultancy support

MAS practitioners spend up to 2 weeks with the unit instilling competitive manufacturing processes including lean processes, co-developing value stream and process maps, energy efficiency etc.

Level 5: Assistance in non manufacturing areas

Referral of MSMEs to empaneled list of service providers in non-manufacturing areas like finance, HR, marketing, legal, environmental etc. along with connecting MSMEs to the schemes offered by UK Government for part-funding

#8.3.8 Best Practice: Technology Profiles - ICT Infrastructure

ICT Infrastructure	Best practices
Technology Profiles	<ul style="list-style-type: none">• Manufacturing Extension Partnership (MEP) in US assists SMEs in connecting to innovation networks through “USA National Innovation Marketplace”, a key tool which allows SMEs to post their innovative products and technologies online which facilitates promoting its capabilities, reach wider range of potential buyers or investors and search for expert help or assistance. MEP is also working with universities to translate their technologies into business opportunities and post them on National Innovation Marketplace to enable its field staff to have access to university technology and researchers to provide linkage to SMEs (http://innovationsupplychain.com/)• Enterprise Europe Network has developed a database of over 23,000 profiles highlighting cutting - edge technologies across various trades/ sectors like agro food, chemical, textiles etc. The data base is updated regularly. (http://portal.enterprise-europe-network.ec.europa.eu/services/technology-transfer)• Indian SME Technology Services Ltd. has a large computerized database on technology options available from different countries. It provides the users updated information on sources of technologies and means of assessing them. Also background information on technology – seeking enterprises is maintained and made available to interested technology suppliers and collaborators. (http://techsmall.com/database.htm)

#8.3.9 Best Practice: Intranet - ICT Infrastructure

ICT Infrastructure	Best practices
Intranet	<ul style="list-style-type: none">• Manufacturing Extension Partnership (MEP) in US shares knowledge through an internal website (intranet) which is available to all MEP field offices and field staff across the nation where questions and answers are posed and discussion groups share best practices. It has also developed a web portal to share tools and techniques among the field staff for helping the SMEs• MEP mandates each centre to submit one success study from its state each quarter. These stories focus on defining the problem, the designed solution and measurable impact after implementation. These are available online and can be used by other centers, state, industry & district association to help key stakeholders including SMEs• Manufacturing Advisory Services (MAS) in UK mandates each of its consultants to produce a case study for at least one out of every 3 client engagements which are posted online• MAS support its best practice networks by hosting events quarterly where representatives of SME manufactures can meet, share & discuss best practices which are compiled and placed online

#8.3.10 Best Practice: National Portal – ICT Infrastructure

ICT Infrastructure	Best practices
National Portal	<ul style="list-style-type: none">• EnterpriseOne(http://www.enterpriseone.gov.sg/) portal developed and managed by SPRING Singapore provides integrated online business information and e-services to the SMEs. The service aims to be first point contact for SMEs. The portal has following features:<ul style="list-style-type: none">• ‘Quickfind’ search option where the user is asked 4 questions and results show the relevant government schemes. The following features can be accessed via the ‘quickfind’ search (a) customized funding options, (b) government assistance, (c) Market statistics released by government agencies, (d) Business-related government e-services and (e) relevant licenses and permits• ‘How To’ guides, checklists and flowcharts• Frequently Asked Questions database• Online Business Licenses Service - On-line applications for business licenses from government agencies• Hotline call centre

#8.3.11 Best Practice: Buyer Seller Database - ICT Infrastructure

ICT Infrastructure	Best practices
Buyer seller (Matchmaking) database	<ul style="list-style-type: none"><li data-bbox="357 358 1846 486">• Enterprise Europe Network maintains a business database which contains thousands of company profiles and organizes matchmaking events. (http://portal.enterprise-europe-network.ec.europa.eu/services/going-international)<li data-bbox="357 501 1846 872">• The Business Profile Management System (BPMS) is a web based SME database developed by Department of Trade and Industry, Republic of Philippines. It includes a product coding facility and a business matching facility that allows firms to be matched with their requirements. This system is available 24X7 worldwide and can be used both as a statistical and business matching tool wherein Philippine suppliers and foreign buyers/ investors can look for trade opportunities. (http://bpms.dti.gov.ph/BPMS_CREVIEW/main.dti;jsessionid=11C5B28C896DA291E216E5335B43C3D3)<li data-bbox="357 886 1846 1015">• NSIC Infomediary Services maintains a comprehensive Indian buyers & sellers database along with tender leads, global tenders and business enquiries. (http://www.nsicindia.com/catalogs-Buyer.html)

#8.3.12 Best Practice: Capacity Assessment - ICT Infrastructure

ICT Infrastructure	Best practices
Capacity Assessment database	<ul style="list-style-type: none"><li data-bbox="376 344 1887 788">• SME Corp Malaysia uses a diagnostic tool, SME Competitiveness Rating for Enhancement (SCORE) to rate and enhance competitiveness of SMEs based on their performance and capabilities. The diagnostic tool rates the SMEs on (a) management capability (b) business performance (c) financial capability (d) technical capability (e) production capacity (f) Innovation & (g) quality system. Based on the assessment SMEs are awarded a score ranging between no star to 5 stars. SME Corp maintains a database with details of the SMEs evaluated and current SCORE rating. (http://www.smecorp.gov.my/v4/node/82)



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