



**SME DEVELOPMENT SURVEY 2017
PRESS CONFERENCE
20 NOVEMBER 2017**

Statement from Mr Ho Meng Kit, CEO of SBF

The SME Development Survey 2017 marks the sixth year that SBF has been partnering DP Information Group to gather important insights on our SME sector. The results of this survey are especially significant to us, as the majority of SBF's 24,200 members are SMEs. As most of the survey respondents are our members, this set of results provides a good overview of our SME members' sentiments.

I will now make a few observations on this year's survey findings:

- In general, the survey results are consistent with our understanding of the SME sector performance. In the midst of muted economic recovery and geopolitical uncertainty, weaker turnover coupled with cost pressures have compressed SMEs' margins in FY2016. There is no discernible change in the condition of our SMEs as they continue to deal with the on-going economic restructuring.
- The Committee on the Future Economy (CFE) recommendations will help to better position our SMEs for growth, by transforming and upgrading them to be ready for the future. The Industry Transformation Maps (ITMs) is one of the strategies highlighted by the CFE. The survey, conducted from 10 July 2017 to 22 September 2017, shows that 3 in 10 SMEs (29%) are aware of the ITMs. As the various ITMs are being rolled out progressively, more can be done to raise the awareness of ITMs amongst SMEs. SBF encourages SMEs to work with the respective government agencies and relevant Trade Associations and Chambers in the ITMs, and leverage on them to raise productivity, develop skills and drive innovation. SBF recently organised a Future Economy Conference to showcase the ITMs to our members. We are glad that almost 2000 participants attended the event over two days.
- One concern is in the area of financing. 35% of SMEs have cited facing financing concerns; this is a sizeable 13% increase from last year and the highest since the tracking began in 2011. In particular, this year saw a significant increase in the proportion of SMEs that are challenged by delays in payment from their customers at 81%, out of the SMEs that have cited facing financing concerns. Notwithstanding this, it is reassuring to see that the success

rate for bank financing applications remains high at 98%. We will be monitoring the situation closely to assess if support is needed to assist SMEs with their financing challenges.

- On manpower, we see most SMEs (82%) being open to tapping on the experience and expertise of mature workers as a positive development. These mature workers are experienced individuals who are able to contribute meaningfully to the growth of SMEs and development of the younger staff within the organisation. The Government has schemes in place to help mature PMETs retrain and move into new occupations or sectors with good prospects. More SMEs should tap on these enhanced schemes to support their hiring of mature PMETs, where applicable.
- Greater emphasis should be placed on helping and encouraging our SMEs to venture overseas where there are more opportunities. This year's survey shows that 47% of SMEs have an overseas presence, a decline of 5% from last year. The government and business community must continue to collaborate and work towards enabling more companies to internationalise by providing support in areas such as identifying suitable business partners, and providing greater access to detailed market information. At the same time, our SMEs must adopt a mind-set shift to look beyond the horizon and compete in overseas markets so that they can grow and thrive globally.

Overall, as our SMEs continue to restructure and transform, SBF is working on the following additional initiatives to help them navigate through the challenges ahead:

1. **Formation of Issues Committees:** Where these committees, led by business leaders, will help look into major issues of concern to significant segments of our business community, and work with various parties, including the business community itself, to see how these issues can be addressed. The first Issues Committee that has been formed is the Digitalisation Issues Committee.
2. **Budget 2018 Recommendations:** The SME Committee (SMEC) has been putting up a set of recommendations for Budget to the Government since 2012. It will continue to do so in 2018. Results of the SME Development Survey 2017 will help sharpen some of the observations and feedback from the business community.