

Helping SMEs think big

How can banks help SMEs go global, asks Jean-Christophe Fromatin. He is Chairman of Export Entreprises, a Paris-based company specialising in developing ready-to-use internet platforms for banks, who can then provide SMEs with additional international trade services to help them to become global.



In a time of globalisation, when competition is increasingly dynamic, small and medium-sized enterprises (SMEs) must start to become global. It's very easy to say and everybody will agree, but, of course, the objective is not so simple. How can an SME compete with big companies? How can it challenge the new low cost actors such as the corporate ones that operate in China or India?

Since 1990 our company has observed the needs of SMEs in the field of international trade. By organising 6,000 individual business trips in the last 10 years and with more than 600,000 users registered on our internet trade platforms we are in a good position to observe international trends. First of all, we have seen that the number of companies involved in international trade has become greater and greater. Yesterday, only medium-sized and big companies

were interested in import and export; today even the smallest enterprises are concerned by global trade. So the question is, what are SMEs looking for?

Three key questions

We observe that, in the end, the question is not really how to export or how to import. SMEs are in fact asking three questions:

- How can we be competitive in the foreign market?
- Where are the best opportunities according to our core business?
- Who can help us to find the best contacts as soon as possible?

These concerns are very concrete. Of course, companies also ask for information concerning international rules and regulations, but their main objective is to find new markets.

The first element, which relates to

competitiveness, is undoubtedly the most important one because the problem of the majority of companies is to find new competitive advantages other than just lower prices. They will find new competitiveness in service, marketing, innovation, flexibility, and so on, but definitely not in prices.

As an example, look at Apple's iPod. The success of this product is not only the success of MP3 technology: a lot of Chinese companies are able to offer MP3 technology; it's a success with marketing and design.

What Apple does, a lot of SMEs can do easier because of their capacity for adaptation. We have now a lot of examples of companies using design, services, new packaging or convenient solutions to dissociate themselves from the low cost products made in Asia.

Recently an American firm created a new business built on the fact that US people don't eat enough fruit and vegetables because it's not easy enough for them. Their company is called Easy4Busy and their problem is not so much the contents but a convenient packaging solution for people in a hurry. These examples show that companies can succeed with knowledge based on marketing more than on industrial competences. Competitiveness can also be found in an alternative system of distribution: today more than 800,000 businesses use eBay to sell their products throughout the world; 2mn companies are registered on Alibaba.com, the famous Chinese marketplace; and a lot of companies, even the smallest ones, use the internet to become global. New tools such as blogs can be very interesting to help SMEs market their offer. So before exporting, SMEs have to wonder: how can I differentiate my offer and take advantage of the new channels of distribution?

The second element concerns business opportunities. Companies are less and less interested in how to export; it's not a time to learn, it's the moment to act! Companies want to know where they have most chances of success. They want to identify their best counterparts. To understand their state of mind, we can compare the 'international trade' approaches of yesterday and the global vision of today. Yesterday companies tried to offer the best prices; today they focus on differentiation. Yesterday companies wanted to discover new countries; today businesses focus on well-identified targets. Yesterday companies worked step-by-step, country-by-country because they had to adapt their product to each culture; today SMEs try to be global reaching customers throughout the world. Yesterday companies asked their governments to help them with international trade, today businesses use the internet to get information, to benchmark competitors, to identify customers and to connect with each other.

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The priorities

So if we try to sum up what the needs of SMEs are in terms of international trade, we can put forward three priorities:

- 1) They need the best standards in terms of information: country profiles, business intelligence systems, market surveys, trends analysis, and so on. It's really strategic for SMEs to know what's happening in their core business environment.
- 2) They need online assistance tools to answer all their questions concerning international trade rules, regulations, payment, shipment, and so on.
- 3) They need a wide range of tools and services to connect with other companies throughout the world: qualified databases, individual business trips, internet collaborative systems, lists of tradeshow, and so on.

It's easy to imagine the young entrepreneurs' attitude to globalisation: first they want to be global as soon as possible – they can't imagine a business built on a domestic area – why? Second, they will focus on one segment of potential customers and they will reach these customers all over the world with a single marketing strategy, very well optimised for their core target. They will optimise production. They will use all the internet resources to accelerate their business: an internet website to present their company, a series of blogs to communicate with customers, to promote their products or to exchange information with partners, different market places to sell their products and employ a dedicated team of web surfers to buzz on the web. Banks have to integrate this new behaviour and these new trends. It's a very strategic stake. Banks who wish to enhance their SME client base must help their clients enter new markets and manage their international trade operations. It is now a determining factor in the bank's differentiation and credibility. But SME international assistance will not be managed in the same way as corporate international assistance. First, because

the numbers are not the same: we are speaking about thousands of clients concerned by globalisation; second, because corporate companies need



Fromatin: SMEs are distinct

individual assistance for complex projects whereas SMEs need information and online services.

Greek solution

The solution used by Emporiki Bank in Greece, called Emporiki Trade, is a good example of what a bank's solution could be to help its SME go global. *emporikitrade.com* is an internet platform with four sections: international trends, country trading profiles, a business intelligence system and online trade services. Emporiki has developed a specific marketing policy with different categories of access for clients or non-clients. Now thousands of Greek companies use this website, which has become the first international trade tool in Greece and allows the bank to help SMEs, to promote its financial and banking solutions and to prove its global status.

In a context of globalisation, the way to success is not to access trade knowledge but the capacity to manage the knowledge by observing, anticipating and marketing ideas (OAI). For the first time, perhaps, SMEs will be able to compete as equals with multinationals, because OAI is easy when you are small, fast and flexible, but difficult if you are big, international and confident. Yesterday, excellence was being worldwide, today perfection is being global!