Born Global Small and Medium Enterprises

Purpose: Information
Submitted by: Thailand

48th Small and Medium Enterprises Working Group Meeting
Qingdao, China
30-31 May 2019
“Born Global SMEs”
by the Office of SMEs Promotion, Thailand

48TH MEETING OF THE APEC SME WORKING GROUP
30-31 May 2019
Qingdao, China
Key Issues

- Digitalization model
- Micro Enterprises—
  - limited capital
  - short of international marketing staff
  - high-cost of foreign market penetration (market survey and attending trade expos)
  - difficulties in managing regional and global supply chains, unlike large firms
Emerging Born Global SMEs

- Leapfrogging businesses, targeting export markets since their inception (Stephen Young: 1987)

- Small businesses which are able to penetrate foreign markets during 2-3 years after firm establishment (Tamer Cavusgil: 1994 and Kunyi Lin and Zhang Wang: 2008)

- Firms with between 50-80% of sale turnover from export market after 2-3 years of start ups (Sylvie Chetty, Colin Campbell-Hunt: 2000, Reijo Luostarinen and Mika Gabrielsson: 2004)
What is the Born Global?

A Born Global firm is an organization that views the world as its marketplace and achieves significant levels of foreign sales within early stages of its inception through the use of resources and sale of outputs in multiple countries.
Born Global and Micro-Enterprises

- Mindsets
- Business Models
- Mode of Entry to Foreign Markets
- Replications of success by ASEAN MEs
**Born Global SMEs**

**Born Global vs Exporter**

<table>
<thead>
<tr>
<th>Firm Characteristics</th>
<th>Exporter</th>
<th>Born Global</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm Characteristics</strong></td>
<td>Old firms with mostly large size</td>
<td>Young firms with small size and hybrid structure and limited tangible assets</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>N/A</td>
<td>Offer innovative products, with high quality and performances that are cost effectiveness, to niche market</td>
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<tr>
<td><strong>Approach to internationalization</strong></td>
<td>Reactive and opportunities</td>
<td>Proactive and structure</td>
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<tr>
<td><strong>Speed of internationalization</strong></td>
<td>Slow and incremental</td>
<td>Rapid internationalization</td>
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<tr>
<td><strong>Market advantage</strong></td>
<td>Incremental operational experiences</td>
<td>Strong knowledge based and technology competence</td>
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<tr>
<td><strong>International knowledge and experiences</strong></td>
<td>Expertise in internationalization can only acquired with experience after the company internationalization and it involves a large group of experts / employees</td>
<td>Entrepreneur is crucial in the internalization process: detain international experiences and knowledge of foreign markets</td>
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<tr>
<td><strong>Role of networks</strong></td>
<td>Networks are used in early stages and gradually replaced with firms’ own resources</td>
<td>Networks are crucial for the firm expansion, rapid creation and different market exposure</td>
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</table>

Born Global SMEs: Case Study
Characteristics of born global firms

- Startups / Entrepreneurs
- Export-oriented
- Foreign market penetration: within **2-5 years**
- Focusing on **Innovation and Advanced Technologies**
Born Global SMEs

Key Success Factor

- Vision
- Knowledge
- Experience

- Human Resources
- Innovation and Technology

Entrepreneur related factors

Organizational factor

- Size of Market
- Market Condition

Strategic Factor

External Factor

- Network
- Supporting Industry

Entrepreneur related factors

Organizational factor

Strategic Factor

External Factor
The Born Global (BG) is defined as a company which, from or near its founding seeks to derive a substantial proportion of its revenue from the sale of its products in international markets (Knight, 1997, sid 1).

Born Global SMEs

Key Success Factors

- Ambitions to operate globally
- Capability to foresee market trends
- Recognize benefits of foreign markets
- Ability to establish a network of useful contacts

- Financial strength of the company
- Ability to be innovative/provide consumers with unique products/services
- Ability to organize an international network (distributors or suppliers)

- Strong export traditions or limited home market opportunities
- High competition within the domestic market
- The government’s internal and external policies (Support or Limitation)

- Product differentiation
- Low-cost strategy
- Proper market channel/Entry Mode in each stage of growth

Source: Alina Dulskaia, 2016, Moscow

Thailand’s MSMEs / Inclusive MSMEs
Born Global SMEs

Entry Mode

- Joint Venture
- Contractual
- Export / Typical Trade Fair Exposure
- Hybrid Networking
- Social Media
9 Proven Business Models to Consider for Your Startup

1. Become The Middleman (AKA The “Warby Parker” Model)
2. Become A Marketplace
3. The Subscription Model
4. Customized Everything
5. On-Demand Model
6. The Modernized Direct Sales Model
7. Freemium Model: combination of “free” and “premium”
8. Reverse Auction
9. Virtual Good Model
Born Global SMEs

7 Strategic Management for Born Global Business

- Cross-border Servitization
- Asset Light Market Entry
- Adding Value through Software
- Global Digital Ecosystem
- Global Personalization
- Multi-local Manufacturing
- Developing Multiple Identity
# Born Global SMEs: Case Study

## Entry Mode

<table>
<thead>
<tr>
<th>Channels</th>
<th>Expo</th>
<th>Contractual</th>
<th>Joint Venture</th>
<th>Social Media</th>
<th>Networking</th>
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<tbody>
<tr>
<td>Na Forrér [Brunei Darussalam]</td>
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<td>DOT [South Korea]</td>
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<td>Sabay Osja [Cambodia]</td>
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<td>Airbnb [USA]</td>
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<td>UNiDAYS [United Kingdom]</td>
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<td>ZALORA</td>
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<td>Zarola [Germany]</td>
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<td>Ricult [Thailand]</td>
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<td>Genius Shan Coffee [Myanmar]</td>
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<td>Thailand Unique [Thailand]</td>
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<td>Damrong-silp Coconut [Thailand]</td>
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<td>Born Global SMEs: Case Study</td>
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<tr>
<td><strong>Year of Launching / Go Global</strong></td>
<td><strong>Product / Services</strong></td>
<td><strong>Revenue from International</strong></td>
<td><strong>Main Foreign Markets</strong></td>
<td></td>
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<tr>
<td>Na Forrér [Brunei Darussalam]</td>
<td>2008/2013</td>
<td>Clothing</td>
<td>Nearly 75%</td>
<td>Malaysia, UK</td>
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<td>DOT [South Korea]</td>
<td>2015/2017</td>
<td>Braille &amp; Tactile Smartwatch</td>
<td>Nearly 80%</td>
<td>USA, Europe, UK</td>
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<tr>
<td>Sabay Osja [Cambodia]</td>
<td>2011/2011</td>
<td>Game</td>
<td>Nearly 40%</td>
<td>Brazil, Mexico</td>
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<tr>
<td>Airbnb [USA]</td>
<td>2012/2014</td>
<td>Booking Website for Accommodation</td>
<td>Nearly 90%</td>
<td>190 Countries</td>
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<tr>
<td>UNiDAYS [United Kingdom]</td>
<td>2010/2014</td>
<td>Promotion for fashion products and restaurant</td>
<td>Nearly 80%</td>
<td>Thailand, China, USA, Australia</td>
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<td>ZALORA [Germany]</td>
<td>2011/2015</td>
<td>Fashion Products</td>
<td>Nearly 90%</td>
<td>ASEAN, Hong Kong</td>
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<td>Zarola [Germany]</td>
<td>2011/2015</td>
<td>Fashion Products</td>
<td>Nearly 90%</td>
<td>ASEAN, Hong Kong</td>
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<td>Ricult [Thailand]</td>
<td>2017/2017</td>
<td>Agricultural Controlling System Application</td>
<td>50%</td>
<td>Pakistan</td>
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<tr>
<td>Genius Shan Coffee [Myanmar]</td>
<td>2012/2015</td>
<td>Roasted Coffee</td>
<td>Nearly 70%</td>
<td>Italy, Japan, France, Singapore</td>
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<td>Damrong-silp Coconut [Thailand]</td>
<td>2015/2017</td>
<td>Coconut coir pots</td>
<td>Nearly 40%</td>
<td>USA, Germany, Australia</td>
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<td>Idea</td>
<td>Factor / Accelerator Tools</td>
<td>Global Entry</td>
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<tr>
<td><strong>Na Forrér</strong></td>
<td>• Local art and wisdom&lt;br&gt;• Made to measure clothing</td>
<td>• Product Differentiate with touch of local sense&lt;br&gt;• Premium Pricing Strategy&lt;br&gt;• Data Analysis (Google Analytics)</td>
<td>• Social Media for PR and Sales/Distribution (Facebook/Instagram)&lt;br&gt;Website&lt;br&gt;• Fashion show&lt;br&gt;• Art exhibitions&lt;br&gt;• Fashion Media Interview&lt;br&gt;• Flagship store in foreign market</td>
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<td><strong>dot</strong></td>
<td>• Tools and Gadget for Handicaps</td>
<td>• Unique Product [Adoptive Technology for Targeting Customers]&lt;br&gt;• Pitching Business Plan&lt;br&gt;• Special Skilled Staffs/Employees</td>
<td>• Pitching Business Plan&lt;br&gt;• Award Winning [such as iF Design Award and many more]&lt;br&gt;Website&lt;br&gt;• E-Commerce Platform (Amazon)</td>
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<tr>
<td><strong>Sabay Osja</strong></td>
<td>• Game experience link with local traditional (Cambodia) art and culture</td>
<td>• Global Trend [Online Gaming/Mobile Gaming]&lt;br&gt;• Incorporate with Private Development Organization on social issue such as gender equality into gaming (Good Man Quiz)&lt;br&gt;• Funding from Private Investor and Abroad</td>
<td>• Award Winning from various organization (Demo ASEAN, ASEAN-Japan Character Award and many more)&lt;br&gt;Application download via Google Play store, Apple App Store&lt;br&gt;• IT Exhibition</td>
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<tr>
<td><strong>Airbnb</strong></td>
<td>• Accommodations Booking website aim for budget travelers&lt;br&gt;• Challenges the traditional vendor-customer methods</td>
<td>• Global Trend [Sharing Economy]&lt;br&gt;• Peer-to-peer accommodation networks&lt;br&gt;• Use non-capital-intensive strategy&lt;br&gt;• Platform that works as an intermediary with a client base</td>
<td>• Website&lt;br&gt;• Acquisition [Acquired a German competitor, Accoleo for international expansion]</td>
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<tr>
<td><strong>UNiDAYS</strong></td>
<td>• Connecting students with retailers and brand product&lt;br&gt;• Promotion for fashion products and restaurant</td>
<td>• Provide service to match customer demanding [promotion/lower price products]&lt;br&gt;• Expanding product line [from fashion items to technology gadgets]</td>
<td>• Hybrid networking [with Brand Product]&lt;br&gt;• Website&lt;br&gt;• Overseas office</td>
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| **Zalora** [Germany] | - New online shopping experience  
- Transform and expand from B2C to C2C | - O2O strategy with strong platform both website and application (iOS and Android)  
- Strong Logistic/Delivery System  
- Flexible Payment Methods  
- Sales Promotion Event  
- Local Brand Product Categories towards different customers’ location | - Website [E-Commerce]  
- Social Media [Facebook]  
- Flagship popup store in foreign markets  
- Joint Venture  
- Networking [with e-commerce partners and local brands] |
| **Ricult** [Thailand] | - Improve agricultural farmers’ productivity and profitability of smallholder farmers in developing countries.  
- Application for controlling agricultural system  
- Agricultural Digital Solution including Predictive Psychometric tools, Credit scoring algorithms and Agronomy & Weather Analytics, Satellite Imagery | - Recognition from idea and business plan competition [such as Chivas Venture Winner, The FinTech Disrupt Challenge by Bill Gates Foundation]  
- Agriculture Tech Social Enterprises  
- Join incubation/ Startup Accelerator Program  
- Support and Funding from both local and international organization such as UNIDO | - Competition and Award Winning  
- Website  
- Social Media [Facebook / Twitter]  
- Networking  
- Partnership with both local and international organization |
| **Genius Shan Coffee** [Myanmar] | - Best local coffee product with international quality | - Direct trade with farmers and use 3E's of rural development: Evaluation, Education and Empowerment  
- Award Winning Social Enterprise  
- Utilize innovation among farmers’ network [Automatic Plantation]  
- Members of several international organizations [coffee]  
- Apply for International Manufacturing Standard  
- Crowdfunding Program [with various of award level and privilege] | - Competition and Award Winning  
- Local and International Networking [Members of several international coffee organizations]  
- Exporting, Distributor and Franchises  
- Trade Exhibition  
- Website / Digital Marketing  
- Social Media [Facebook/Instragram/Twitter]  
- Crowdfunding Program |
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</table>
| **Thailand Unique** [Thailand] | • New Protein / Food Source  
• Convert and introduce local product to international market  
• Growing Numbers of "entomophagy" trend as future food source and special report from The Food and Agriculture Organization of The United Nations (FAO)  
• Unique product  
• Variety of Product Line  
• Natural, Organic and Contain no artificial flavors, preservatives or colours Products  
• Apply for Local and International Manufacturing Standard (GMP, Thai FDA and US-FDA)  
• Position as Asia’s largest selection of edible insects and bug-related products for both the retail and wholesale markets. | • Global Trend [Growing Numbers of “entomophagy” ]  
• Exporting  
• Distributors, Retailers & Wholesalers  
• Sales Representative  
• Website  
• Social Media (Facebook/Instragram/Twitter) |
| **Damrong-silp Coconut** [Thailand] | • Expand product line from current raw material in core business [Their core business is in the automotive industry; producing Van & Coach - Bus Seat in which also use coir fiber as material]  
• Environmental Sustainability Trend such as using biodegradable material/product/package  
• Unique product | • Environmental Sustainability Trend  
• Trade Exhibition  
• Website  
• Social Media (Facebook) |
Thank you for your attention.

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