



**Asia-Pacific
Economic Cooperation**

2022/CTI/WKSP14/006

Article 05 – The Steps and Benefits from SMEs Partnering with MNEs

Submitted by: Australia



**Workshop on Fostering Greater SME
Participation in Global Value Chains –
Session 4 on Trade on Services
26 October 2022**



THE STEPS AND BENEFITS FROM SMES PARTNERING WITH MNES

There are some crucial first steps that small and medium sized enterprises (SMES) must take before seeking to partner with multinational companies (MNES). These include:

01 SMEs must develop an export strategy

Once it has this strategy, it must see whether a partnership with a multinational fits those plans, including whether it is ready and able to scale its operations in light of the potential demand.

02 Determine which kind of MNE that the SME should partner with

Useful questions that the SME must ask, as part of this exercise include: Are customers of that multinational consistent with the SME's own targeted segmented customers? Will their branding complement or build on each other?

03 The SME must target the right multinational

The SME must look into the candidate MNE partners, including researching their requirements or standards for partnerships. Can the SME meet those demands? If not, then the SME may have to implement policies and changes in operations in order to meet them.

SO WHAT ARE THE LIKELY BENEFITS FROM SMES PARTNERING WITH MNES?

There are a number of potentially worthwhile gains, including:

01 Increased revenue and income

A partnership with a multinational could lead to that turning point of growth for the SME, and one that may be a reliable long-term customer.



ARTICLE 05

02 Enhanced reputation and market access

Multinationals often already have a well-known brand that customers have connected with. So by having an association with that brand, an SME partner can boost their reputation as well. The SME might also be able to make use of the multinational's network.

03 Resilience

Should economic conditions turn for the worse, having a loyal and reliable partner or customer might mean the difference between closure and continued viability.

04 Access to alternative financing

Some multinationals provide alternative sources of financing for growth, such as supply chain financing. They know the capability of the SME and the market, so convincing them to provide funds may prove easier than the regular banks.

05 Innovation and increased competitiveness

As a result of the partnership, including having to meet the multinational's standards and requirements, an SME may be forced to adopt new technologies and practices that enhance its overall performance and competitiveness.