

SMEs LEADING TO THE INTERNATIONAL MARKETS

Vedat Kunt
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VEGO

WHAT DO WE UNDERSTAND FROM INTERNATIONALIZATION?

1. Exports
2. International network development
3. Know-how transfer



Problem areas for SMEs

As a result of economic deregulation, improved transportation methods, and innovations in information and telecommunication technologies, SMEs are increasingly exposed to global competition...

this is valid for industrial production, services, tourism, health care, education, entertainment, etc...



- Isolated firms face increasing difficulty in penetrating foreign markets...
- SMEs produce relatively small quantities where it is difficult to compete with low cost multinational companies.
- Product life cycles have become shorter, therefore product and service development has become crucial in competition



Above all, SMEs often do not have the financial means and know-how to successfully position their products and services in foreign markets and also survive against fierce competition in their domestic markets...



Factors effecting SMEs during internationalization efforts

- Region, country
- Rural/urban
- Sector, industry / service
- Size
- Technology need
- Human capital



To be able to compete with multinational companies, SMEs need a **transformation**

from local to **international**

a new mind set and the right leadership



- SMEs usually lack the vision, knowledge and experience in identifying their
 - Business
 - Objectives
 - Strategies



SMEs need to understand

- Innovative thinking
- Project mind
- Managing; ideas - people - technology - time - finance at the same time and in a very short time frame
- Trading intellectual property, open innovation



SMEs need to develop themselves in;

- Analyzing their Value Chain and identifying where to make profit
- Systemmatic decision making
- Technology transfer
- Efficency
- Marketing techniques and brand development

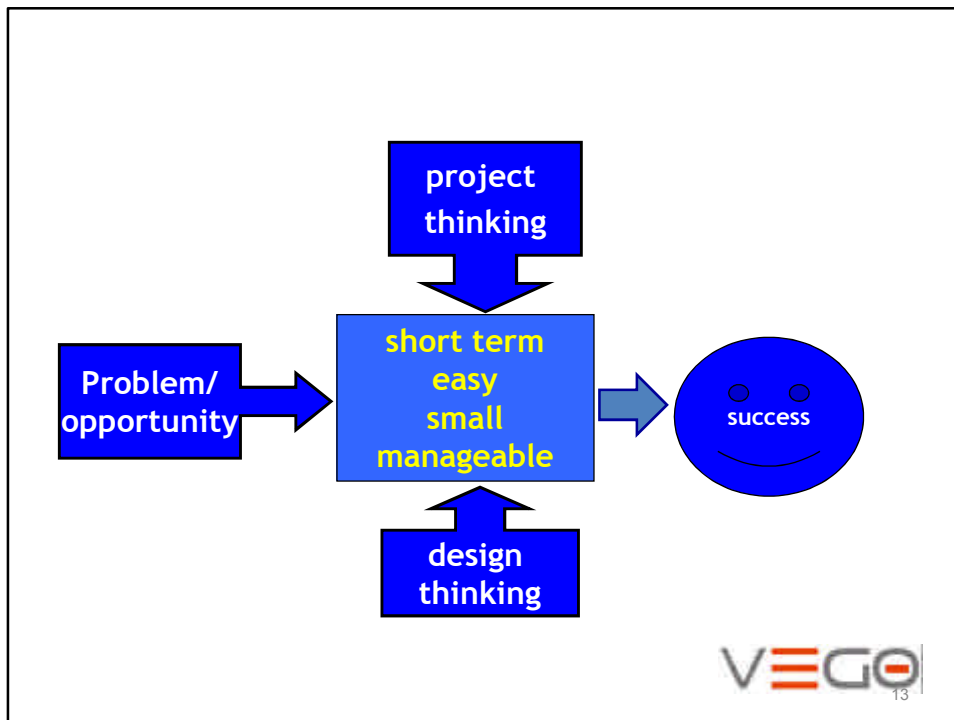
which will lead to the overall success of their businesses...



Leaders of SMEs need to:

- Look and see beyond the wall
- See what others can not see
- Become t-shaped thinkers (analytical and intuitive)
- Use imaginary ideas from technology developers





Clusters play a major role for the success of SMEs in international markets

- Access to information
- Exploring new business opportunities
- Better profit margins through sharing administrative, promotional, and transportation costs
- More coordinated country specific approach

- Intermediaries by passed
- Reach economies of scale
- Better market research
- More attractive to potential clients with wide variety of choices
- Accumulation of know-how
- Establish alliances for future ventures



Allaphuzza, Kerala-India
Coir Mats and Mattings Cluster



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 Vedat Kunt: "SMEs heading to international markets"



Izmir Aerospace Cluster

Located at ESBAS-Aegean Free Zone; hosts international companies designing and producing parts and components to major aerospace and aviation companies.



Thank you...

VEDAT KUNT
v.kunt@vego.com.tr

