



Micro-, Small, and Medium-sized Enterprises (MSMEs)

ICSB Top 10 Trends for 2019

Micro-, Small and Medium-sized Enterprises (MSMEs) continue to be on the move!

Recognized globally for their contributions to innovation and improving economic conditions, MSMEs are embraced universally for the impact they have on every part of society by being the number one job creators. To better understand MSMEs, it is important to acknowledge that they are continuously inundated with a myriad of challenges in an ever-changing marketplace.

In 2018 ICSB Top Ten Trends for MSMEs predicted that the number one issue facing MSMEs was protecting a company's assets. Bad actors created a fear online that any company with assets in the digital cloud was vulnerable to hackers. There were many stories in the press that detailed how a small business lost its intellectual property due to online theft. Other trends on the 2018 ICSB's MSMEs list covered common prevailing concerns such as lack of access to capital, attracting a competitive workforce, and differentiation (personalization) from competitors.

These were the top four trends in 2018 as projected by ICSB.

For 2019, ICSB sees a major shift in the landscape for micro-, small and medium-sized enterprises. It is remarkable what a difference a year makes! Here are ICSB's 2019 Top Ten Trends for MSMEs:

Number Ten: MSMEs TO MEET THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Insight:

MSMEs are the fabric of communities, reaching many sustainable development goals without realizing it. Yet, they can be empowered to do more. MSMEs can become the measuring stick of how we are achieving the SDGs.

ICSB Recommendation:

MSMEs should make the SDGs a prominent selling point to demonstrate why consumers should buy from them. If a consumer sees an MSME engaged in the SDGs, they will further support it. Like buying organic or recycling, MSMEs should allow consumers to contribute to a sustainable world. Educators, policy-makers, and consultants should educate, encourage, and assist MSMEs to develop the framework for this new operating model. Governments should provide incentives encouraging the rapid deployment of the SDGs, the return to their economies and societies is tangible and impactful.



Number Nine: ACCESS TO FINANCE AND NEW OPTIONS AVAILABLE

Insight: MSMEs and entrepreneurs will have more options available than ever before to finance their companies. Many banks will launch new financial products aimed at micro, small, and medium-sized enterprises. Blockchain and cryptocurrency are slowly evolving into viable new options. Additionally, new mediums such as peer-to-peer lending, crowd-funding, invoice-factoring, and corporate finance are expected to increase rapidly.

ICSB Recommendation: The increase in Fintech, which includes crowdfunding and peer-to-peer funding, allows broader availability and timeliness. Universities and the Economic Press can contribute a lot to informing a large audience about why and how to invest in prominent MSMEs through these new financial tools.

Number Eight: ATTRACTING A NEW WORKFORCE FOR SMEs

Insight: SMEs should jump on the opportunity to hire millennials by offering them the stability of a quality job. The benefits of innovation, encouraging creativity, and the opportunity to grow are incentives to attract the best and brightest. Co-working space is becoming the new normal. As millennials are the workforce of the future, they will be able to offer the best skillset, mindset, and productivity to SMEs. It's HIP to work for an SME!

ICSB Recommendation: SMEs should align more with universities and vocational schools to promote the hiring and development of the millennials. Education needs a fresh serious and relevant look.

Number 7: CUSTOMIZATION IS THE NEW HOT TOPIC FOR MSMEs

Insight: MSMEs can no longer compete on price or convenience of location; big businesses have discovered how to deliver their products to their clients on the same day and at a lower price. Artificial intelligence and machine learning are becoming more sophisticated (Alexa, Siri, and Google are popular household names). Given their size and coupled with AI, big businesses have developed one-size fits all for many products for mass consumption. MSMEs cannot compete at this level.

ICSB Recommendation: MSMEs should brainstorm and develop products and services that are customized and personalized for their customer needs and preferences. The benefits of new technologies like 3D printing and being close to the consumer will allow MSMEs to offer them a new and more attractive option. MSMEs should start preparing immediately.



Number 6: MSMEs REDEFINING THE INNOVATION PROCESS

Insight: The human touch and the human experience will never be fully replaced. However, the advances in artificial intelligence, robotics, and technology are redefining what is meant by innovation. Reverse innovation and re-engineering are allowing for a radically new view on creating new products and services. Projects that used to cost billions of dollars now are a tenth of the cost because of open innovation. Open ideas and markets will accelerate this trend.

ICSB Recommendation: This is where MSMEs can excel. They are the incremental innovators that know how to bring practical innovation to fruition. They have the speed, nimbleness, and flexibility to pivot versus bigger companies that require more time and resources.

Number Five: DIGITAL MSMEs GO GLOBAL

Insight: The global marketplace is one website away. The world of consumers is around the corner. The United States population only accounts for 5% of the total world population. Therefore, MSMEs should consider customers as global customers. We have moved from analog to digital. MSMEs need to do business in a digital manner as well.

ICSB Recommendation: A digital mindset is needed for MSMEs and should be considered as an opportunity, keeping in mind that their business needs require adequate logistics to handle digital commerce. Simplicity is the key to success in a complex digital marketplace.

Number Four: MSMEs ARE ABOUT DOING BUSINESS IN A HUMANE WAY

Insight: MSMEs hold a special place in people's hearts because they are as human as we are. Industrialization, robots, and artificial intelligence are the fad now and will continue to stay and grow. Yet, the heart will always yearn for a human touch.

ICSB Recommendation: Technology is a tool to improve your business operations; the human element is what makes MSMEs unique and long-lasting. Treat your employees with dignity and respect and engage your customers with the warmth of a human smile. Humane entrepreneurship is all-encompassing.



Number Three: MSMEs AND NAVIGATING TRADE WARS

Insight: ICSB projects that global trade wars will be a major issue impacting MSMEs. The gloves have come off between the two largest economies in the world and the imposition of tariffs by each country has plunged the world economy in turmoil. MSMEs cannot escape the fallout from this fight and are feeling the impact. It will get worse if the trade wars continue. There is an African proverb that says, "When two elephants fight, it is the grass that suffers the most." MSMEs cannot escape the fallout from this fight and are feeling the impact.

ICSB Recommendation: MSMEs often believe that they can do little to influence the impact of such pervasive macro political forces. There are actions they can take to minimize the disruption to their businesses. The first is to increase communication with their stakeholders, especially employees, customers, and suppliers. The second is to understand and keep abreast of the trade issues in an effort to anticipate their impact on key stakeholders. Finally, by understanding your supply chain and the alternative actions you and your business can take, you are in a better position to let those you know at the local and national level that the trade wars are hurting your workers, communities, customers, and suppliers.

Number Two: THE IMPACT OF THE 1.8 BILLION WHO WILL TRANSFORM THE FUTURE

Insight: The ICSB No. 2 projection for 2019 is the impact on the economy of the 1.8 billion youth. According to the United Nations Population Fund (UNFPA), there have never been so many young people (ages 10 to 24) in the world. This demographic is also growing the fastest in the developing nations and is coupled with the change in emerging markets worldwide. The transformation will occur. How this happens will be done by the youth but must be supported by established institutions.

ICSB Recommendation: The youth are already redefining the workplace and the definition of work. There are many stakeholders who will be impacted. Our economic and educational infrastructure must lead the way for integrating the worker of tomorrow, many of whom are seeking to be part of a humane work environment. The education sector, in particular, needs to be more forward-looking and start preparing for the ever-changing workplace at all levels and the meaning of work to this formidable group. They have arrived.



Number One: THE POWER OF BELIEF

Insight: The number one ICSB trend for 2019 is broadly captured as the POWER OF BELIEF. For many years, the question around entrepreneurship was, nature vs. nurture. It was argued by many that to be an entrepreneur was something innate. There are others who argued that entrepreneurship was a learned behavior. In 2019, those arguments have gone by the wayside once and for all. Everywhere you go, from the favela to the refugee camps, to remote villages, to our large urban areas, the belief that a person can create something of economic and social value is real. Entrepreneurship is no longer the domain of the rich, well-connected or gender specific. Women, youth, families, and the disabled, particularly, are transforming their societies and using the POWER OF BELIEF in themselves to energize their economies.

ICSB Recommendation: Encourage the creation and sustainability of MSMEs, by not just starting businesses, but creating and maintaining adaptable and vibrant ecosystems. It starts with a belief, the POWER OF BELIEF, and leads to meeting the challenges represented by the United Nations 2030 Sustainable Development Goals. To have a meaningful impact, all of us must engage our POWER OF BELIEF to continue the effort to create, grow, and sustain our economic and social enterprises.

Let the Creative Class in All Segments of Society Take Their Place.

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