SMEs’ BDS Need Assessment

Survey Report 2021

Business & Sector Development Services Division (B&SDS)
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**BDS Definition**

**Business Development Services (BDS)** are support services required by an enterprise to operate efficiently in its business environment and are considered central in ensuring the business’s long term success. BDS includes transfer of knowledge and technology, marketing, accounting and bookkeeping, human resource development, training and mentoring, etc. BDS are available to businesses through service providers who are specialists in their areas of expertise.
For the purpose of analysis in this survey report the following SME definition, as provided in the draft National SME Policy 2020, has been used:

<table>
<thead>
<tr>
<th>Enterprise Category</th>
<th>Criteria – Annual Sales Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Enterprise (SE)</td>
<td>Annual sales turnover – up to PKR 150 million</td>
</tr>
<tr>
<td>Medium Enterprise (ME)</td>
<td>Annual sales turnover – Above PKR 150 million to PKR 800 million</td>
</tr>
<tr>
<td>Start-Ups</td>
<td>A small enterprise or medium enterprise up to 5 years old will be considered as start-up SE or start-up ME</td>
</tr>
</tbody>
</table>
Overview

SMEDA has been facilitating small and medium sized enterprises to acquire business development services from service providers through various development initiatives including helpdesk services, over the counter help documents and video tutorials, consultants’ database, training and mentoring programs and provision of grants.

A need assessment survey of SMEs has been conducted to identify and analyze demand side requirements of SMEs’ BDS requirements. The survey was conducted nationwide through SMEDA website with a total of 73 respondents spread over major sectors covering manufacturing, services, IT enabled services and ecommerce, trading and agriculture.
<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of SMEs</td>
<td></td>
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<tr>
<td>26.0% Startups</td>
<td></td>
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<tr>
<td>58.9% Small</td>
<td></td>
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<tr>
<td>9.6% Medium</td>
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<tr>
<td>5.5% Large</td>
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<tr>
<td>Target Market of SMEs'</td>
<td></td>
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<tr>
<td>54.8% Local Market</td>
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<tr>
<td>38.4% Both Local &amp; Export Markets</td>
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<tr>
<td>6.8% Export</td>
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<tr>
<td>Annual Sales Turnover</td>
<td></td>
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<tr>
<td>80.8% Up to Rs. 150 million</td>
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<tr>
<td>13.7% Rs.151m – 800m</td>
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<tr>
<td>5.5% More than Rs. 800m</td>
<td></td>
</tr>
<tr>
<td>Number of Employees</td>
<td></td>
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<tr>
<td>52.1% Less than 10 employees</td>
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<tr>
<td>26% 10-50 employees</td>
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<tr>
<td>16.4% 51-100 employees</td>
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<tr>
<td>Nature of Business</td>
<td></td>
</tr>
<tr>
<td>37.0% Services</td>
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<tr>
<td>31.5% Manufacturing</td>
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<tr>
<td>31.5% Trading</td>
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<tr>
<td>Type of Business</td>
<td></td>
</tr>
<tr>
<td>49.3% Sole-Proprietorship</td>
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<tr>
<td>28.8% Companies</td>
<td></td>
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<tr>
<td>21.9% AOP</td>
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<tr>
<td>City of Respondents</td>
<td></td>
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<tr>
<td>84.9% Lahore, Karachi, Islamabad, Quetta &amp; Peshawar</td>
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<tr>
<td>15.1% Others</td>
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</tbody>
</table>
Classification: Age of SME

PERCENTAGE OF SMES

- Upto 5 yrs: 26.0%
- 6 to 10 yrs: 30.1%
- 11 to 15 yrs: 12.3%
- 16 to 20 yrs: 13.7%
- More than 20 yrs: 17.8%
Majority respondents, 80.8%, have recorded up to Rs. 150 million annual sales turnover, 13.7% indicated Rs. 151-800 million annual sales, whereas remaining 5.5% respondents indicated annual sales of more than Rs. 800 million. All categories include start-up businesses also.

52.1% of enterprises indicated less than 10 employees, 26% enterprises have 10 to 50 employees, 16.4% enterprises have 51 to 100 employees and 5.5% employ 101 to 250 employees. None of the respondents reported employment of more than 250 employees.
15.1% of the respondents belong to the Services sector. 12.3% respondents identified their sector as Construction. 6.8% respondents in each category represent; IT / ITeS, Healthcare and Food Products, whereas, 5.5% are associated with Trading.

4.1% of the respondents represent each of the following; Plastic, Paper & Board and Agriculture sectors. Apart from those sectors mentioned in the graph, 16.4% of the respondents belong to other sectors such as Automobile, Auto parts, Chemical, Oil & Gas, Gems & Jewelry, Light Engineering and Surgical Instruments, etc.
Business Development Services
Required by SMEs
Pre-feasibility / Business plan Formation and Resource Identification and Planning has been identified as the most sought out services by 42.5% Startup businesses. Assistance in Networking with Stakeholders was identified by 41.1% respondents as a needed form of assistance.

*Others: Finance / loans / grants, expansion, riba free investment, import, etc.
Within Financial Services; 38.4% respondents seek assistance for Accounting & Bookkeeping, 31.5% for Financial Modelling & Forecasting, 24.7% for Banking Documentation, 21.9% for Cost Accounting & Pricing, 16.4% for Auditing and 11% for Insurance.

34.2% respondents require no assistance in Financial Services for their businesses.

*Others: 2.8% includes bank financing for Gems & Jewelry businesses
In the category of Sales & Marketing, 61.6% respondents require assistance for Promotion & Advertising, 49.3% Sales Planning & Strategy, 38.4% e-Marketing / SEO and 32.9% International Marketing.

28.8% and 16.4% respondents have shown interest in assistance for Positioning and Branding and Distribution / Placement respectively.

*Others: Rent material and Marketing CRM
Within Legal Services, 37% of respondents seek assistance for Business Registration and Intellectual Property Rights, 28.8% for Excise & Taxation, 24.7% for Corporate Compliance, and 12.3% for Labor Laws. 34.2% of respondents require no assistance in Legal Services for their businesses.

*Others: New electricity connection, custom duties and taxation on raw materials, safety / environment laws*
A marked 54.8% respondents claim to require no assistance for Compliance and certification.

32.9% are interested to seek services for ISO 9000, 13.7% for ISO 18001, 12.3% each for ISO 14000 and HACCP.

6.8% respondents require assistance for CE – Mark.
In the category of Trading & Commerce; 49.3% respondents seek assistance for Local Trading, 39.7% for e-Commerce and 31.5% for International Trading.

23.3% responses indicate no assistance required for Trading and Commerce activities.

*Others: General trading and commerce services
Most respondents have expressed interest in seeking services for Management of Customer Relations (43.8%), Projects & Strategy (39.7%), Supply Chain (31.5%), Warehousing & Inventory Management (27.4%) and Quality Assurance (28.8%).

24.7% respondents have indicated assistance requirements in Monitoring & Evaluation.
Within Human Resources, 45.2% respondents claim to require no assistance.

32.9% respondents require Skill Development & Training services, 26% Recruitment and Business Process Outsourcing and 24.7% Performance Management assistance. 21.9% are interested in HR Strategy & Policy development.
Information Technology Services have recorded 35.6% respondents requiring assistance for Website & App Development, 32.9% for Software Development, 28.8% for MIS and 27.4% for Communication & Networking.

32.9% responses indicate no assistance required for this category.

*Others : Customization*
Respondents have indicated a wide range of Technical Services requirements; 42.5% for Machinery & Equipment, 20.5% each for Operations & Production and Product Testing & Design and 16.4% for Technology Transfer. 13.7% respondents each have shown interest for Energy Efficiency Management and Plan Design & Fabrication, whereas 12.3% for Occupational Health & Safety and 9.6% for Civil Works.
Comments and Feedback

Comments and feedback received from the respondents of the survey reflect unfavorable business environment for SMEs post the COVID-19 pandemic. They have also indicated that the SME sector is facing increased challenges of access to finance; both for established businesses and start-ups, networking with the supply chain, inadequate local infrastructure, supply of raw materials, high cost of inputs, and rationalization of taxes & duties on imports.

Some SME respondents identified training requirements in fields of; Production Quality, Six Sigma, Taxation, Computer applications, Labour Laws, Machine Technologies and Instrumentation, etc. The respondents also highlighted the need for a comprehensive support package for developing their businesses from the initial stages of idea selection and product development to the more mature stages of business establishment.

Furthermore, respondents emphasised that SMEDA should initiate financial & technical assistance programmes for Small & Medium Enterprises at the earliest as the sector has been severely effected during the ongoing economic slowdown due to the pandemic.

The respondents have also shown appreciation for SMEDA’s initiative to conduct various surveys to assess requirements of the Sector and hope that feedback received will be used to develop relevant support programs for Small and Medium Enterprises.
Key Takeaways: Type of Service

- **Sales & Marketing**
  - 61.6% Promotion & Advertising
  - 49.3% Sales Planning & Strategy

- **Information Technology**
  - 35.6% Website & App Development
  - 32.9% Software Development
  - 28.8% MIS

- **Finance & Accounting**
  - 38.4% Accounting & Bookkeeping
  - 31.5% Financial Modeling
  - 24.7% Bank Documents

- **Legal Services**
  - 37.0% Business Registration & IPR
  - 28.8% Excise & Taxation
  - 24.7% Corporate Compliance

- **Trading & Commerce**
  - 49.3% Local Trading
  - 39.7% E-Commerce

- **Startups/Expansions**
  - 42.5% Pre-feasibility / Business Plan
  - 42.5% Resource Identification & Planning

- **Management Services**
  - 43.8% Customer Relation Management
  - 39.7% Project & Strategic Management

- **Technical Support**
  - 42.5% Machinery & Equipment
  - 20.5% Operations & Production
  - 20.5% Product Design & Testing

- **Human Resource Services**
  - 32.9% Skills & Training
  - 26.0% Recruitment & BPO
  - 24.7% Performance Management

- **Compliance & Certifications**
  - 32.9% ISO 9000 Documentation
  - 13.7% ISO 18001
  - 12.3% ISO 14000
  - 12.3% HACCP
  - 6.8% CE-Mark
# BDS Requirement by Size of Enterprise

<table>
<thead>
<tr>
<th>BD Services</th>
<th>Startups</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales &amp; Marketing</strong></td>
<td>• 68.4% Promotion &amp; Advertising&lt;br&gt;• 31.6% Positioning &amp; Branding</td>
<td>• 65.1% Promotion &amp; Advertising&lt;br&gt;• 46.5% Sales Planning &amp; Strategy</td>
<td>• 71.4% Sales Planning &amp; Strategy&lt;br&gt;• 42.9% International Marketing</td>
</tr>
<tr>
<td><strong>Trading &amp; Commerce</strong></td>
<td>• 31.6% e-Commerce&lt;br&gt;• 14.1% Local Trading&lt;br&gt;• 15.8% International Trading</td>
<td>• 55.8% Local Trading&lt;br&gt;• 39.5% International Trading</td>
<td>• 42.9% Local Trading&lt;br&gt;• 28.6% International Trading&lt;br&gt;• 14.3% e-Commerce</td>
</tr>
<tr>
<td><strong>Management Services</strong></td>
<td>• 42.1% Project &amp; Strategic Management&lt;br&gt;• 31.6% Customer Relation Management&lt;br&gt;• 31.6% Supply Chain Management</td>
<td>• 48.8% Customer Relation Management&lt;br&gt;• 39.5% Project &amp; Strategic Management</td>
<td>• 57.1% Project &amp; Strategic Management&lt;br&gt;• 42.9% Supply Chain Management</td>
</tr>
<tr>
<td><strong>Technical Support</strong></td>
<td>• 47.4% Machinery &amp; Equipment&lt;br&gt;• 26.3% Product Design &amp; Testing&lt;br&gt;• 21.1% Operations &amp; Production Management</td>
<td>• 39.5% Machinery &amp; Equipment&lt;br&gt;• 25.6% Operations &amp; Production Management&lt;br&gt;• 18.6% Product Design &amp; Testing</td>
<td>• 42.9% Machinery &amp; Equipment&lt;br&gt;• 42.9% Occupational Health &amp; Safety</td>
</tr>
</tbody>
</table>
## BDS Requirement by Size of Enterprise (cont.)

<table>
<thead>
<tr>
<th>BD Services</th>
<th>Startups</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Startups / Expansion</strong></td>
<td>• 42.1% Networking with Stakeholders</td>
<td>• 44.2% Resource Identification &amp; Planning</td>
<td>• 71.4% Resource Identification &amp; Planning</td>
</tr>
<tr>
<td></td>
<td>• 36.8% Pre-feasibility &amp; Business Plan</td>
<td>• 44.2% Prefeasibility &amp; Business Plan</td>
<td>• 42.9% Networking with Stakeholders</td>
</tr>
<tr>
<td></td>
<td>• 36.8% Resource Identification &amp; Planning</td>
<td>• 39.5% Networking with Stakeholders</td>
<td></td>
</tr>
<tr>
<td><strong>Finance &amp; Accounting</strong></td>
<td>• 47.4% Accounting &amp; Bookkeeping</td>
<td>• 41.9% Accounting &amp; Bookkeeping</td>
<td>• 42.9% Auditing</td>
</tr>
<tr>
<td></td>
<td>• 31.6% Financial Modeling &amp; Forecasting</td>
<td>• 34.9% Financial Modeling &amp; Forecasting</td>
<td>• 42.9% Cost Accounting &amp; Pricing</td>
</tr>
<tr>
<td></td>
<td>• 21.1% Banking Documentation</td>
<td>• 27.9% Banking Documentation</td>
<td></td>
</tr>
<tr>
<td><strong>Legal Services</strong></td>
<td>• 52.6% Business Registration &amp; IPR</td>
<td>• 32.6% Business Registration &amp; IPR</td>
<td>• 57.1% Corporate Compliance</td>
</tr>
<tr>
<td></td>
<td>• 26.3% Corporate Compliance</td>
<td>• 27.9% Excise &amp; Taxation</td>
<td>• 42.9% Excise &amp; Taxation</td>
</tr>
<tr>
<td></td>
<td>• 21.1% Excise &amp; Taxation</td>
<td>• 16.3% Corporate Compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 11.6% Labor Laws</td>
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</tbody>
</table>
### BDS Requirement by Size of Enterprise (cont.)

<table>
<thead>
<tr>
<th>BD Services</th>
<th>Startups</th>
<th>Small</th>
<th>Medium</th>
</tr>
</thead>
</table>
| **Information Technology** | • 26.3% Website & App Development  
• 26.3% Communication & Networking  
• 26.3% Management Information System (MIS)  
• 15.8% Software Development | • 44.2% Website & App Development  
• 37.2% Software Development | • 42.9% Software Development  
• 42.9% Management Information System (MIS) |
| **Human Resource Services** | • 31.6% Recruitment & Business Process Outsourcing  
• 15.8% HR Strategy & Policy Development  
• 15.8% Performance Management  
• 15.8% Skill Development & Training | • 39.5% Skill Development & Training  
• 25.6% Performance Management  
• 25.6% Recruitment & Business Process Outsourcing | • 57.1% Performance Management  
• 42.9% HR Strategy & Policy Development |
| **Compliance & Certification** | • 31.6% ISO 9000  
• 21.1% HACCP  
• 21.1% ISO 14000  
• 10.5% ISO 18001 | • 30.2% ISO 9000  
• 13.9% ISO 18001  
• 11.6% HACCP  
• 11.6% ISO 14000  
• 7.0% CE – Mark | • 42.9% ISO 9000  
• 28.6% CE - Mark  
• 28.6% ISO 18001 |
Way Forward

SME Business development is not only the sole objective of SMEDA but also acts as a driving force for the Government of Pakistan to improve economic growth of the country.

In recent years, the business environment in Pakistan has significantly improved, ‘Ease of Doing Business’ ranking of Pakistan has improved from 130 to 72 among 190 countries in 2020. Policies supporting SMEs have been implemented through various Government initiatives at the National level.

SMEDA’s need assessment survey is a pilot survey, to identify SMEs’ Business Development requirements identifying specific areas within a multitude of mainstream service categories, providing key insight to policy makers and Government institutions to help design relevant SME development programs.

SMEDA aims to streamline its business development services as per requirements identified by SMEs. Sales and Marketing, Trading and Commerce, Management Services, Technical support, Business Start-up Services and Finance and Accounting are some of the most requested for business development services indicated by the respondents of this survey.
Survey Report: SMEs’ BDS Need Assessment 2021

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