

UOB-SMU

Asian Enterprise Institute



BD CraneTech Pte Ltd

Going Beyond Singapore's Shores

BD CraneTech was established in Singapore in 1991, commencing operations with the fabrication of overhead cranes and assembly of

French-made hoist with capacity ranging from 125 kilogrammes to 50 tonnes. Even then, the group had proven its foresight and mettle through active action. In anticipation of its clients and the industry's changing needs, it had invested heavily in research and development (R&D) from the very start, while a strong commitment to innovation and quality has seen it achieving the ISO 9001 certification and the Enterprise 50 Award. It was also named an SME 500 company.

Over the years, BD CraneTech has honed its abilities as well as its products. Today, its principal activities are the design, manufacture, commissioning and testing of cranes and uploaders; sale and rental of used cranes; sale of electric crane components and parts, and provision of maintenance and repair services. It has a large client base spanning numerous industries including the marine, construction, logistics, manufacturing and petrochemical sectors. The company exports to over 10 countries worldwide including Southeast Asia, the Middle East and USA. BD CraneTech has, to date, undertaken projects with capacities of up to 1200 tonnes.

Not one to rest on its laurels, the company continues to explore various business opportunities and had commissioned UOB-SMU AEI to carry out feasibility studies to:

- Set up a shipping business in Myanmar
- Establish a manufacturing footprint in Vietnam

Exploring the potential within

The success of any business is intricately linked to what is happening within the country that it operates or trades with. Myanmar's recent political developments, including a return of power to the government after some 50 years of military rule and an easing of various trade and other sanctions by the international community, signalled a new beginning for the ASEAN nation of 60 million people. Its "opening" has attracted companies eager to tap on the hitherto-closed market and explore the potential within. With optimistic growth forecasts of between 7% and 8% over the next five to 10 years, according to the International Monetary Fund and Asian Development Bank, it is easy to see why companies want to step up for a first-mover advantage in Myanmar.

In 2012, almost 200 firms visited Myanmar on three trade missions organised by the Singapore Business Federation (SBF) and facilitated by the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). The SBF trade missions were not the only ones as other groupings such as financial institutions and industry associations have also organised their own visits. Not all participants had specific projects in mind; some of them were there to get a "feel" of the market. Currently, about 74 Singapore companies have invested a total of US\$1.8 billion in the country as of 2011, according to UMFCCI. This figure is expected to go up as the Myanmar Parliament passed a foreign investment law last November, signalling its commitment to create an environment conducive to investment.

Unlike Myanmar, Vietnam had opened its doors to the international community 27 years ago – in 1986 – when the government initiated a series of economic and political reforms. By 2000, its economic growth was ranked among the fastest in Asia. But like its regional counterparts, the economy nosedived during the Asian economic crisis. In recent months, its manufacturing sector is experiencing some recovery in view of the slowing inflation, stabilising domestic demand and a recovering China, a key trading partner.

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The Japan External Trade Organization in Ho Chih Minh City (HCMC), Vietnam, noticed signs of economic recovery in late 2012 and early 2013 and attributed it to the government's stabilisation policies. The American Chamber of Commerce, also based in HCMC, expects the country to regain stability by 2014 or 2015. The European Chamber of Commerce in Vietnam affirmed the government's fiscal and monetary tightening policy, saying it achieved significant effects in terms of macroeconomic indicators. Generally, new businesses, regardless their origins, will be able to find opportunities in the country.

Homeground advantage

Increasingly, Singapore companies including SMEs have gone beyond the local borders in their business operations. According to the SME Development Survey 2012, 27% of SMEs now generate more than half their turnover from overseas markets, up from 14% in 2011 and 22% in 2010. DP Information, which conducts this annual survey, says that in the mid to long term, overseas expansion will be a key component in SMEs' growth plans. But there will not be a deluge of SMEs heading out any time soon.

The conundrum for SMEs is the scarcity of resources. Oftentimes, they do not have the manpower, knowhow or finances to conduct feasibility studies. And yet, such studies are crucial to their strategic growth plans.

Yes, the Internet provides easy access to a broad range of information about overseas markets but such desktop research is grossly insufficient when it comes to making actual business decisions. Facts and findings have to be corroborated by on-the-ground information; so too, establishing relations and getting the latest updates – be they official procedures, potential partnerships or even finding the right venue or location to do business.

BD CraneTech had turned to the SME Consulting Programme, the flagship programme of the UOB-SMU AEI whose core focus is to equip SMEs with the information they need to deliver on their various business ambitions.

Tapping on SMU's multinational student enrolment, the Institute was mostly able to match Myanmar and Vietnamese students to the feasibility studies featuring their respective home countries. With local knowledge of the culture, customs and how things work, the projects commenced more smoothly than if they were handled by other students. The choice of project adviser was also important, and in this case, the adviser has a track record of business dealings in the two countries.

The "homeground advantage" is two-fold. Not only did it encompass student-consultants who were familiar with their respective home countries, it included the expertise within the Institute as well, as the teams had access to resources like research tools, data and human resources. These resources enabled them to complete much of their preliminary and research work in Singapore, thus minimising the time they need to be physically present in Myanmar or Vietnam. Shorter trips also meant lower costs for the SME which commissioned the studies.

The report on Myanmar identified profitable trade routes, commodities and local laws and regulations. It also included recommendations of suitable ports for BD CraneTech's potential shipping business after an analysis of various relevant factors such as port infrastructure and shipping clearances. The report on Vietnam looked at the viability of establishing a crane manufacturing factory, taking into consideration its viability, potential clientele, location, rules and regulations and related costs – with their attendant analyses and alternatives. Both reports were very comprehensive and included interviews, quantitative and qualitative analyses as well as recommendations.

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Clearing the way ahead

“Whatever plans thought up by a company has to be backed up by concrete data and research. The research performed by the students was mainly qualitative, done through interviews and by searching online for data,” said Mr Jeffrey Lim, Director, BD CraneTech. Completing the project in about 12 weeks was a feat in itself, and the effort was appreciated by the company who called it “commendable, given the amount of scope and depth they were able to deliver”.

“As the company is currently implementing other initiatives, we have yet to adopt the recommendations put up. However, their inputs have certainly played a key role in influencing our business decisions,” said Mr Lim, affirming the value of the reports.

In addition to getting up to speed on the necessary industry knowledge, the student-consultants had to discover the most effective way of communicating with the company, project adviser and each other. “Initially, we were not able to see some of the micro areas that the company was looking for,” said a student-consultant in the Myanmar team. With attention and teamwork, and leveraging each other’s strengths, they soon “learnt to give more attention to details” and to work closely with the company.

The student-consultants in the Vietnam team named as their “biggest challenge” the unfamiliarity with the company’s industry. “We overcame this by conducting plenty of secondary research beforehand,” said a team member. Another challenge was to “truly understand” the company’s requests and expectations, and the tight deadline. They were able to rise to the challenge with active listening, being realistic in their planning and good time management.

Both teams were able to apply their textbook knowledge as well as soft skills to their projects. Mostly, they valued the “amazing opportunity to work on a real business objective of a real business” as it provided practical and hands-on experience and exposure to markets outside Singapore.

The teams gave credit to project adviser Joseph Thum, calling him “very experienced in managing the project and managing the company”. His guidance was critical throughout the research as well as report-writing stages, where he guided them “step by step on the direction that we should take to ensure the success of the project,” shared a student-consultant.

Calling the student-consultants “remarkable”, Mr Thum highlighted their “professionalism” and “keenness to learn”. He also liked that they took their assignments “seriously” – they were motivated and receptive to guidance, hardworking and displayed initiative. The “trusting relationship” between the project adviser and UOB-SMU AEI helped to prevent any potential misunderstanding which might have arisen, such as when the company’s expectations and agreed project job scope were not aligned; in this case the Institute would step in to mediate for a “win-win-win outcome,” he said.

Project Adviser: **Mr Joseph Thum**

Student Consultants: **Myanmar Team**
Ingyin Zaw
Bachelor of Business Management
Khaing Mon Oo
Bachelor of Science (Economics)
Michael Maung Tint Khine
Bachelor of Business Management
Naing Ye Lin
Bachelor of Business Management

Vietnam Team
Jasmine Ding Huimin
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Pham Hoang Son
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Phan Khoi Nguyen
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