UR nation's economic fate rests upon the suc-
cess of Small and Medium Enterprises (SMEs). Today, 
SMEs seem to have garnered a great amount of interest — as Jack 
Ma, China’s billionaire tech tycoon and 
owner of Alibaba, takes the lead as 
Malaysia’s ‘digital economy advisor’ in 
live with the government’s push to digit-
ise SMEs in Malaysia. 
Despite their size, the combined con-
tribution of SMEs is not very signifi-
cant. According to the World Bank, 
SMEs account for 97% of businesses and 67% 
of employment. 
SMEs contribute up to 36% of our GDP. 
This GDP contribution decides if Malaysia 
can eventually become an enterprise 
that contributes to the growth of 
small and medium sized enterprises (SMEs). 

THE SIX HIGH IMPACT PROGRAMMES 
With Budget 2015, the government 
devoted RM310 million to implement 
the Six High Impact Programmes. 
These programmes are aimed at improving the productivity of SMEs — have since contrib-
uted to developments in various sectors. 
As the number of SMEs becomes more 
crucial, Budget 2017 has allocated an 
additional RM70 million for the High 
Impact Programmes. 

1 BREAKING THE BARRIERS 
Starting a business requires one 
to invest time, energy and money. One 
of the top initiatives of the SME Masterplan is 
to minimise the time and cost of start-
ning a new business. 
In addition to acquiring funding and 
coming up with a business plan, the 
bureaucratic hassle of starting a business can 
often become an added impediment. 
The Masterplan states that SME Corp 
would alleviate this by integrating the 
processes of registering and licensing a 
business into a single seamless online 
process. 

2 BRAINSTORMING BUSINESS IDEAS 
Before a starting a business, one must 
have a solid idea in mind. The second ini-
tiative of the Masterplan is to maximise 
the output of business ideas. 
Malaysia has a wealth of business ideas 
for today’s SMEs, the topic of ‘start-ups’ is 
often brought up. With the rapid rise — 
and subsequent emergence of global 
technology start-ups like Facebook, Twitter, and 
Amazon, there has been phenomenal interest in new ideas that can transform the 
market. 
Steve Blank’s The Startup Owner’s 
Manual views start-ups as temporary 
organisations, whose main focus is 
to experiment and search for novel business 
models that may potentially become 
scalable and repeatable. Once a suitable 
business model is discovered, start-ups 
can eventually become an enterprise that 
has a stable way of operating and gener-
ating profit. 

3 FINANCING GREAT ENDEAVOURS 
Start-ups and SMEs may have the 
greatest ideas, but little can be accom-
plished if these ideas go unnoticed by 
investors. The next challenge of the 
Masterplan involves finances. SME 
corps plan to maximise the number of compa-

cies funded. 
SME Investment Partnership Programme 
(SIP) was set up to help with early stage financing of SMEs. Among the 
highlights are its funds for entrepreneurs 
from diverse backgrounds to start busi-
tnesses, attend training courses or buy 
equipment and software for their busi-

tesses. 
Additionally, Malaysia has also recently 
encountered game-changers that have 
pulled our nation’s SME scene under the 
global spotlight. One of them is MaGIC, 
or the Malaysian Global Innovation and 
Creativity Centre, founded by Cheryl Yeoh. 
Things were going well for Cheryl Yeoh, 
when she was asked by the government 
to lead a team that would inject new life 
into the Malaysian tech entrepreneurship 
scene. 
After completing her studies in New 
York, Cheryl had been active in the Silicon 
Valley start-up environment — having 
foported a successful company ReclipIt, 
an app that personalises digital ads and 
coupons. Her company was later acquired 
by Walmart. Embarking the ‘Lean’ start-
up concept, she started off her journey 
with very little in hand, often crashing 
over at her friend’s living room, sleeping 
on the sofa, and eating less than US$35 
worth of food in a week, while running 
herself. 

Cheryl returned to Malaysia and founded 
MaGIC in 2014, which was launched 
by Prime Minister Datuk Seri Najib 
Razak and the then US president Barrack 
Obama and. She served as chief executive 
officer for two years. 
The tech start-up scene in Malaysia 
would not be as vibrant as it is today 
without MaGIC — a centre aimed at 
boosting the Malaysian entrepreneurial 
ecosystem. One of MaGIC’s key wins was 
inspiring the world to pay attention to 
our homebred start-ups as the next big 
thing. The company put Malaysia on the 
map as an important player in the start-
up arena, as investors in the past have, 
for the most part, ignored us in favour of 
other nations in the region like Singapore, 
Thailand, Vietnam and Indonesia. 
The MAP Investor Demo Day, organised 
by MaGIC in November 2015, attracted 
50 entrepreneurs from around the globe 
to listen to 50 start-up pitches from 
Malaysian technopreneurs. This opened 
the door to a big flow of capital funding of 
local companies by prominent organisations, 
both local and abroad. 

4 BRINGING IT OFFSHORE 
To even stand a chance at becom-
ing a high-income nation, Malaysian 
businesses need to not only do well 
domestically, but also be competitive in 
the global market. Which brings us to the 
question: when a business is funded and 
running, would it stand a chance by com-
peting internationally? 
One of the targets of the Masterplan is 
to maximise exports. Many programmes 
have been established to help SMEs send 
their products and services to offshore 
markets. These include Matrade’s Export 
(GoEx) Programme, Services Export 
Fund, and Large Corporation-SME 
Partnership Programme. 

These programmes improve the 
exportability of SME products and 
services, and ease the corporation on 
smaller enterprises to promote and send 
goods abroad. Collectively, Matrade’s 
programmes generated a total sales of 
RM346.8bn in 2015. 

5 FINDING THE NEXT BIG THING 
Since the staggering success of brands 
such as Uber, Airbnb, and Dropbox, 
investors have searched the globe for the next 
ultima-high-growth firm dubbed ‘uni-
corns’. In the startup investment world, 
‘unicorns’ are fledglings companies that 
have a valuation of over US$1bn. They 
are elusive, yet highly rewarding for seed 
founders and venture capitalists. 
Companies with the policy of ‘Get 
Big Fast’ (GBF) can be highly valuable to 
our economy. One of the high impact 
programmes by SME Corp is to maximise 
the number of high growth firms. With 
the Masterplan, SME Corp has set aside 
resources for the Catalyst Programme 
which was established to back firms that 
have the potential to become ‘home-
grown champions’. 
To help with this goal, Cradle Fund Sdn Bhd, 
under the purview of the Ministry of 
Finance, manages an investment pro-
grame for start-ups and SMEs. It has 
31 co-investment partners from diverse 
backgrounds, with some from the Equity 
Crowdfunding system, bringing in around 
RM190 mil in co-investment funds. 
Notable recipients of Cradle funds include 
Bekalas, Maukerja and SupplyCart. 
In addition, the discovery of high-
growth SMEs has also occurred at events 
where entrepreneurs come to pitch their 
ideas to investors, such as the MaGIC’s 
MAP Investor Demo Day. 

SMEs need to be given a chance to 
upskill their talent found in big 
corporations. For a demo and 
to find out more, 
e-mail learn@leaderonomics.com.