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**PAGE 3: B. ABOUT YOU**


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**Q1: Respondent details**

|               |                  |
|---------------|------------------|
| Name          | Amgad Shehata    |
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**Q2: Country or Customs territory**

- INTERNATIONAL ORGANISATION (ASEAN)

**Q3: Organization**

Private sector

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**PAGE 4: C. ABOUT YOUR CASE STORY**


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**Q4: Title of case story**

The U.S.-ASEAN Business Alliance for Competitive SMEs

**Q5: Case story focus**

E-commerce development and efforts to bridge the "digital divide".

**Q6: Case story abstract**

Micro, small and medium-sized enterprises (MSMEs) are an economic engine - using innovative ideas to drive growth and powering through with entrepreneurial grit. If MSMEs connect through e-Commerce to the world outside their borders, trade can bring meaningful growth to areas too often shut out from global prosperity. The power of MSMEs to capitalize on the global reach of e-Commerce is especially prevalent in Southeast Asia. More than 96 percent of all enterprises in the region are small businesses, and more than half of non-agricultural employment is in these enterprises.

As part of an effort to seize the opportunity of a better-connected and more globalized region, UPS launched a program in 2013 to provide training for ASEAN businesses - arming them with the technical know-how they need to reach new markets, streamline customer-facing and internal processes, and navigate shipping and logistics hurdles along the way. After early successes, UPS saw the potential of the program and expanded it into a multi-stakeholder initiative the following year. In collaboration with the U.S. Agency for International Development (USAID), the U.S.-ASEAN Business Council (USABC), and several USABC member companies, the U.S.-ASEAN Business Alliance for Competitive SMEs ("Business Alliance") was born on March 4, 2014.

The Business Alliance has held more than 30 workshops since its inception - engaging with more than 4,600 businesses from all ASEAN countries. These intensive trainings build capacity among small businesses in the region, equipping owners with a better understanding of the steps needed to access markets within and outside the ASEAN Economic Community. The initiative also creates important opportunities for business owners to network, not just with industry leaders who run the workshops, but with other entrepreneurs. In one case, a group of female business owners who attended these workshops created their own group to further their global reach through collaboration - an organization that continues to grow and support new women-owned businesses.

**Q7: Who provided funding?**

Other (please specify)  
UPS in collaboration with USAID, USABC, Private Sector Companies

**Q8: Project/Programme type**

Multi-country, Regional

**Q9: Your text case story**

Micro, small and medium-sized enterprises (MSMEs) are an economic engine —using innovative ideas to drive growth and powering through with entrepreneurial grit. Small business owners are not only the next generation of great industry leaders; they are the vibrant foundation of the global economic system. This is particularly true in the digital age — when businesses no longer have to set up physical stores in foreign countries to reach global consumers, and international organizations and trading rules allow businesses to form unprecedented connections around the world at minimal cost. If MSMEs connect through e-Commerce to the world outside their borders, trade can bring meaningful growth to areas too often shut out from global prosperity.

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What follows is an overview of the Business Alliance's efforts to date, including a review of the need it was established to meet, the specifics of its programming, and the outcomes we have seen since its launch. Though we are years away from seeing the full impact of this initiative, which continues to expand today, we are encouraged by the response the Alliance's trainings and materials have received thus far from thousands of small businesses across the ASEAN region.

#### A CLEAR NEED FOR SMALL BUSINESS SUPPORT IN THE AGE OF E-COMMERCE

UPS and the Business Alliance are working to engage these businesses now because of the untapped potential created by the e-Commerce ecosystem. E-Commerce sales are set to hit \$2 trillion in 2016 - a one-third increase over 2015 and part of a megatrend that is reshaping the economy. Nearly all of the businesses participating in the Business Alliance - 95 percent according to surveys - rely on technology in some form, be it to market and sell goods, manage finances, or communicate and sell to customers. One need not look further than Alibaba, Etsy and eBay sellers - who come from all around the world and are often global from the moment they launch - to see that the reach of small businesses is greater now than ever thanks to the Internet. And the value of that reach is expanding. With the world economy set to grow from \$35 trillion in 2005 to \$72 trillion in 2032, the time is right for small businesses to make the most of global growth opportunities.

However, MSMEs, particularly in developing and less developed countries, rarely have the capacity to engage in international commerce - even if their products have broad appeal. Among the ASEAN MSMEs the Business Alliance has engaged, half are exclusively focused on domestic markets, yet only 16.5% currently have overseas customers. This gap is the result of business owners' limited bandwidth for navigating the export process, and a regulatory environment that imposes too many barriers and offers too little transparency for small business owners to work through. Though developing domestic market share is critical for MSMEs, for owners who are looking to grow (85% of them, according to Business Alliance surveys) international markets must be accessible.

Many unique challenges also face businesses working in ASEAN countries and looking to grow. In the four countries - Cambodia, Laos, Malaysia, and Vietnam - limited access to information and training materials, coupled with barriers facing women entrepreneurs, create a challenging climate for MSME success. Across the region, though the volume of training information continues to expand, there remains a dearth of in-language resources for business owners who are not often proficient in English. A 2013 survey conducted by ASEAN Connectivity through Trade and Investment (ACTI), a USAID project to boost trade and development in the region, confirmed that access to online training, business advice, and information about market access requirements are particularly critical for MSMEs in ASEAN countries. This creates a meaningful gap between the economic reality and the power of what is possible - a gap that requires private and public collaboration to close.

UPS took this call to action in 2013, first launching a program to reach out to small businesses around the ASEAN region with information about how they could best take advantage of the global marketplace. And as the demand for this type of program became clear, we launched a broader, multi-stakeholder initiative in 2014 that allowed the effort to expand, and meet the needs of the regional business owners eager for help.

The Business Alliance's goal is straightforward: expose hundreds, even thousands, of entrepreneurs in each ASEAN country to the tools available to them, and the markets that are ready for their business. Bridging the knowledge divide is critical to increasing their capacity for strong international growth.

As these businesses are exposed to the information they need to make the most of existing opportunities, however, they are also made aware of the remaining barriers to their success. The Business Alliance's program was always intended to be a part of a larger movement toward global collaboration and harmonization. As the private sector and aid organizations build up back-end knowledge for export-hungry business owners, governments must create the regulatory environment they need to succeed.

#### BUSINESS ALLIANCE PROGRAM SPECIFICS

The Business Alliance's MSME engagement initiative offers ASEAN entrepreneurs a unique opportunity. Through intensive training sessions, follow-up support, industry-specific seminars, and continuously updated web-based materials, thousands of business owners have been able to build out their technical expertise and develop strategies for growth - all at no cost to them. In 2016 alone, 10 workshops have counseled 1,100 business owners on how to maximize the use of digital payment tools, how to take advantage of existing regional and bi-lateral trade agreements, integration of cloud-based data storage, and industry-specific supply chain solutions for automotive, medical device, and cosmetics businesses, among others.

These workshops come in two tiers. One set of broad-based workshops is open to all small businesses, including those with a negligible digital presence and many of whom have never exported. These workshops teach the basics of global commerce, the basics of trade and customs rules, and the best ways to avoid typical pitfalls that small businesses encounter when going global.

As an example, one recent workshop focused on the barriers that businesses would face as they began to grow their exports. A UPS representative walked entrepreneurs through the customs processes in a number of Asian countries - how often packages were inspected, how long customs holds were, what various rules of origin were, etc. - and offered advice on how to use this information when selling to overseas customers. In addition, businesses received counsel about the many informal barriers to trade they would likely face, and what existing rules, and trade agreements, they should know about when reaching customers in their biggest target markets: the United States, Japan, and China.

Many of these small businesses know the potential of e-Commerce, but they don't know how to best position themselves to take advantage of the opportunity. Walking these entrepreneurs through the digital tools they need to succeed - with experts with decades of experience on hand to answer questions - is often an invaluable step in the process of bringing them out of their communities and into the global marketplace.

A second set of workshops focuses on slightly larger businesses that are already exporting. These Supply Chain Readiness workshops target specific industries, and aim to connect these businesses with industry leaders so smaller businesses can sync up with global value chains and better scale their businesses.

For these workshops, UPS's supply chain expertise is often a critical component. Our experts walk business owners through best practices for warehousing, customs clearance, and working with brokers. We also counsel them on country-specific rules, which regional logistics and industry experts can offer substantive and relevant insight on.

In one recent workshop in Thailand, for instance, UPS developed a supply chain presentation that addressed specific concerns and issues that plague businesses in the electronics industry. Our own survey data finds that high-tech companies in the ASEAN region are looking to expand into India, Brazil, and Russia. Among their chief concerns are cultural challenges (a concern identified by 41% of Asia Pacific businesses), identifying the right markets to enter (38%), and adhering to all regulatory requirements in a new market (39%). Our team of experts offered guidance on navigating free trade zones, and helped identify ways to streamline the import-export process in their target markets - which will reduce delivery times and cut costs. This is critical for businesses operating on thin profit margins and working to build customer loyalty. We also outlined tools to help these business owners fill out shipping documents and customs forms, and highlighted the public and private services they could make better use of to streamline their supply chains.

Additionally, entrepreneurs who choose to engage with UPS and other partners after these training sessions have the opportunity for continued advisory meetings, capacity-building efforts, and logistics support as they work to grow their businesses.

#### GREAT WOMEN CASE STUDY: COMMUNITY BUILDING & NETWORKING

The Business Alliance's MSME engagement initiative also benefits participants through its networking opportunities. Training sessions allow business owners to meet dozens of potential partners in their communities. This creates a network of like-minded individuals that can spur development, support mutual growth opportunities, and begin to create the ecosystem necessary for future entrepreneurial success in a country.

One such collaboration led to the creation of a new organization - the Gender Responsive Economics Actions for the Transformation of Women (GREAT Women) group. After meeting through Business Alliance trainings, a group of female business owners banded together to help each other grow their exports and to work together to get their products online to reach global customers.

Gender plays an outsize role in the challenges ASEAN businesses face in expanding, as highlighted in an ACTI study conducted before the launch of the Business Alliance initiative. Women-owned businesses have a disproportionately difficult time raising capital - which constrains innovation and skills acquisition. And yet, women entrepreneurs in larger firms showcase comparable commercial success to their male counterparts. Programs like GREAT Women offer a chance to remedy the gender imbalance in small business success, which plagues not just the ASEAN region, but indeed the global economy.

Though the GREAT Women organization is still in its infancy, its creation showcases how building a community of entrepreneurs with a strong foundation of business savvy and technical experience can have wide-ranging benefits. The organization has already held its own training workshops for women-owned businesses in the specialty coffee and textile mapping industries. They also set up a website with an e-Catalogue so numerous businesses could sell to global consumers. This group of individuals, ready to bring their ideas to the global stage, benefits not just the women participating, but their communities, their customers, and the next generation of female business owners. This cascading model of economic growth is made possible by intensive training and strong community networks, like those fostered through the Business Alliance.

## BUSINESS ALLIANCE OUTCOMES

The Business Alliance trainings have attracted significantly more attention among small business owners than was originally predicted. Across the board, more participants than expected joined training sessions and accessed material online - and this was particularly true among women entrepreneurs.

In post-training surveys, a vast majority of participants - frequently in excess of 70 percent - reported significant gains in knowledge, information, and skills. Critically, they said these gains were important for their business growth strategies, including operating plans, expansion proposals, and new start-up ventures.

In the spirit of the GREAT Women initiative, the female participation in the Business Alliance training workshops so far is 52 percent - and 59 percent in the broader schedule of activities offered through this initiative. These ratios far exceed the proportion of female entrepreneurs and small business owners in the ASEAN region, typically estimated around 30 percent.

Participants frequently recommended additional training workshops at other cities - which in part led to the development of workshops in Ha Noi, Vietnam and Cebu, Philippines. The Business Alliance's program has also been incorporated into the ASEAN Strategic Action Plan for SME Development - part of the ASEAN Economic Community Blueprint for equitable development in the region.

In addition, more than 1,500 MSMEs registered in an online SME Academy set up by the Business Alliance. Further training programs are already underway to teach community business leaders how to make the most of the Academy's resources, and to impart that knowledge to the businesses in the communities they represent.

Though the full impact of this program cannot yet be determined, UPS and its partners are working to expand and develop these initiatives, and grow our outreach to businesses across the region to spur deeper engagement and more inclusive growth.

## MISSING LINK

Even as the full benefits of the Business Alliance's work percolate through entrepreneurial communities in the ASEAN region in the years ahead, we recognize that these efforts are not a panacea for developing nations. Closing the skill and knowledge gaps is just a part of a bigger mission. Without sound physical and policy infrastructures in place, these businesses will continue to be left out of the economic growth driven by e-Commerce. Cumbersome barriers at the border, protectionist policies, and antiquated technology will prevent MSMEs in less developed countries from meeting the fast-paced demands of the e-Commerce consumer.

This is why part of the Business Alliance's engagement highlights export destinations where MSMEs are likely to find the most success. Strong institutions, transparent border processes, pre-clearance of shipments so orders are not held at the border, and advanced rulings offer certainty for a small business trying to estimate the costs of making an overseas sale. The types of market and institutional reforms laid out in the Trade Facilitation Agreement (TFA), and suggested additions or "TFA Plus" proposals, are as integral to the success of these businesses as intensive training workshops.

The thousands of entrepreneurs who have engaged in the Business Alliance's programming - in person and online - are in search of stability and ease. Routinely, we find that the highest engagement comes from businesses working in and with the countries that have committed to trade facilitation efforts. These institutional and legislative changes inspire confidence in business owners to develop ambitious growth strategies. Trade is no doubt strongest when it is between liberalized economies - where communications, payments, orders, and returns can flow between businesses and consumers unencumbered by bureaucracy.

## CONCLUSION & NEXT STEPS

The Business Alliance program is a stepping-stone for the ASEAN region. In the coming months and years, we hope to continue to expand opportunities for workshops, increase our capacity for one-on-one counseling with individual businesses, and greatly expand our online resources and research. The more we can build a foundation of savvy entrepreneurs, and capitalize on their innovative energy, the more likely they are to drive economic growth across the developing world.

The Business Alliance's multi-stakeholder approach, with combined public and private investment, represents an important way forward for realizing desired growth and vitality in the business community. Non-inclusive growth is a shared burden, and programs like this recognize the responsibility all parties have to chart the path forward.

E-Commerce is our reality - and the way it will continue to change our supply chains and economic institutions has the potential to significantly lift communities. Never has the world been so flat, so rife with opportunity for those in the farthest corners of the Earth to connect across oceans and continents. The Business Alliance is eager to continue its work, and we look forward to political institutions keeping pace, so we can all make the most of this new reality.

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### Q10: Lessons learnt

Though the full impact of the Business Alliance's efforts are still playing out, it is clear that the need for support among MSMEs in the ASEAN region is greater than was originally thought. With over 4,000 alumni of the program, the network of Business Alliance ambassadors - who overwhelmingly rate the experience positively - continues to incite demand for future workshops, training sessions, customized counseling, and online resources across the region. Moving forward, increased investment from public and private stakeholders, and a commitment to long-term partnership, will be necessary to make sure entrepreneurs continue to have the ability to make the most of global opportunities. Though many of the initial hurdles these entrepreneurs face can be addressed in an initial training, continued support is critical to maximizing these businesses' growth potential.

The Business Alliance's switch from an initiative shepherded by a single corporation into a multi-stakeholder effort also underscores the need for a diverse array of support for MSMEs looking to go global. There are many barriers and gaps in knowledge that hold back small businesses, and for any movement to make meaningful progress it must be prepared to address a range of concerns and hurdles. Supply chain expertise is critical, but as is understanding the e-Commerce environment, and technical customs language - and so a broad partnership is the only way to ensure substantive progress.

As the program continues to evolve, more in-depth mentoring and advisory sessions with targeted entrepreneurs will hopefully play an increasing role in the program. In addition, it is clear that further research is needed to understand the array of concerns small business owners have, and what types of trainings, tools, and policies are best able to help them meet their needs. E-Commerce reshaped the economy for small businesses, and this calls for a rigorous investigation into how best to channel the opportunity it represents.

Finally, we recognize fully the need for a strong policy infrastructure to support the trade-based growth the Business Alliance hopes to achieve. As small business owners like those who joined GREAT Women work to grow their exports, they need support from domestic governments for online payment systems. As they reach new markets, they need the certainty of advanced rulings so they can carefully determine their costs and walk through the uncharted terrain of global trade with increased confidence.

Above all, we have seen that MSMEs are looking to ease the hurdles they face when doing business, particularly on the global stage. They do not have the time or resources to devote to navigating opaque regulations and processes. As Business Alliance trainings work to make them export-ready, the policy ecosystem continues to impose too many limits to their success.

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