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Consortium Branding in SME Sector.

CONSORTIUM BRANDING FOR THE UNITS IN THE SME SECTOR

(A concept paper under development needing participation from other Asian countries for comparative review and likelihood of universalization)

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Preamble:

M/s Setia Shd Bhn is a leading furniture manufacturer of over to decades. Being oblivious to Brands, he offered his products of fairly high quality to his customers as an unbranded supplier with good acceptance but at fairly average pricing. Suddenly the threat of Ikea eating into the markets of long standing struck him hard, equivalent quality, higher price and higher probability of sale for merely the concept of good acceptances by customers due to the international image. For quite some time, he could not comprehend the logic, but soon contended to the whims of the market. His plans to go global even in the Asian regions was baffling as he recognized that the Brand building operations were costly and long drawn and his volumes did not justify these expenses. His major competitors started becoming suppliers to Ikea, and there was strong threat that he might lose out to them who were discreetly getting surrogate brand patronage, apart from costs reduction due to volumes borne of his role as a supplier to Ikea. The options left were bleak, join the victimized band wagon and be another supplier losing out on the major identity that he enjoyed in his small circles (region) or expand by large volumes, and enter the global market building an international brands, perhaps on selected / niche markets. Being a challenger after much deliberations and analysis he struck out with an idea- hat if similar manufacturers team together and build a common brand that would take on international competition head on and also extend the market to international shores. An ideal concept but difficult to conceive in detailed action plan and almost impossible to coordinate amongst the heterogeneous variety of the SME unbranded sector. Having no option, he decided to venture into this new phenomenon called consortium Branding. This is a purely conceptual paper with minimum reference to articles published though sufficient reference had been made to validate the originality of the idea, Interested companies wanting to empower the trade as a team player and create competition to the MNCs and large marauding corporate, an e- mail to the author for detailed plan of action on their specific activities. These references and experiences would be shared in similar papers later for the benefit of the victimized SME sector, which by numbers constitute a substantially large figure and socially is highly relevant in employment generation, balanced development and equi-distribution of wealth and the economic prosperity. Let us review the present market scenario and the role of the SME sector.

The present millennium is one of Branding and Networking. But who would network with a SME sector, and who would bear the high costs of branding and absorb the costs in the pricing. However this needs o be done. MNC's are exploiting this gap by outsourcing and franchising where a few number of competent and enterprising units subject their capabilities to economic whims of these principals form where they can never grow independently except perhaps in revenue (if performance is as expected by the MNC). How does the SME break this monopoly and optimize on the opportunity. Consortium Branding? But what is this? In view of the non clarity of this topic, it is felt that the concept be defined to the extent possible, before handling the issues related to optimizing on the strategic tool of consortium branding. Branding is a well known and debated concept and is not elaborated at all in this article. Definition here is fairly general and would be clearer as one peruses the paper but would have full impact only when one attempts to use this tool for strategic leverage of their offerings with other like minded SME units (with commitment beyond themselves for collective good), for which purpose the paper is addressed.

1.0 Definition of Consortium Branding.

Consortium Branding is the collective (common) branding of a group of enterprises involved in similar product or service categories or objectives to enable a team oriented approach to the value addition and a collective distribution of costs while building the brand an extending the market through a professional marketing plan and brand building strategies possible y virtue of distributed costs. Therefore a set of assumptions are felt to be the underlying factors of this concept that would empower like minded units with a clear understanding of this concept and a long term perspective adapt to the same.

The **genesis/ assumptions** underlying the above concept:

- a) Branding is an important tool of getting the right treatment (premium ness) of quality products and can be cultivated with a professional approach.
- b) Brand Building is a fairly costly effort and need a special professional skill of development. Small scale units cannot afford the costs of Brand building nor they have or afford the expertise needed for the development.

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- c) The brand value is determined by the performance of the brand and as such entails a well distributed network and high volumes and greater awareness for establishing a greater value, which would not be possible by small enterprises with low volumes (relatively) and few networks, while in a team based approach as above would add to the value of the brand and hence benefit from the same.
- d) Efforts in collective Brand building leads to lower cost due to sharing of resources / capabilities (procurement and distribution) and non repetition of the learning process which each enterprise individually would have incurred. Hence willingness to adhere to a central coordinated approach is essential and beneficial. Centralized pool of knowledge, procurement, services sharing, knowledge sharing would empower, clarify and ensure the needs / requirements of quality performances without taxing the enterprises in its efforts (except compliance to some minimum expected standards).
- e) Franchising enables a franchisor to take advantage of the lower cost and poor negotiation ability of the unbranded producer, and is susceptible to termination as per agreed norms (or on poor market results), while in consortium branding the efforts are to upstage a common / uniform product with a well developed Brand collectively promoted, and termination would be determined by a collective group of like minded team members and hence needs proper justification or rationale for being dropped.
- f) Consortium Branding focuses on a team approach of development, while a new brand is being developed or in a brand building program, unlike in a franchisee, where the starting point is a proven brand with no role by the franchisee except compliance and hence poor returns.

2.0 Requirements of Consortium Branding for Success **(Key Successful factors).**

- a) **Quality Standards Maintenance** on a professional basis.
- b) **Centralized (cost effective) procurement** with a framework (panel of vendors, reporting system etc.) for short term procurement.
- c) **Common use of (Special) Resources** like knowledge database, manpower database, I.T. sources like ERP under ASP mode, regulations compliance mode) etc.
- d) **Common Brand Building** initiatives centrally decided in consultation with the advisory / marketing / consultancy panel, where the positioning Strategy is uniform and centralized and the Marketing Mix costs are distributed through a shared approach or a common marketing agency on predetermined terms.
- e) In Services sector, **common layout working principles**, customer satisfaction levels and system of delivery, and of monitoring performance would be undertaken.
- f) In many cases **Common R & D, Product Innovations, Event Management / Promotion**, are worked out on a shared platform with special incentives for the innovator.
- g) **Common storage, distribution / transportation mechanism**, testing and certification, would be undertaken wherever applicable.
- h) Selection of an **Advisory Committee** for the above consortium Branding who would be one with a common consensus amongst the various players / participants on a democratic basis. Mentors for the member units (either a common one or from a panel) is advisable to expedite the success of this scheme, but the mentor needs to be briefed of this concept well in advance, so as to avoid conflicts or arguments/ differences later on.

3.0 Advantages and Benefits of Consortium Branding.

Some of the Major Advantages of Consortium Branding are:

- a. **Fairness in getting value** to the SME units, higher value premium ness) for its offerings (products/ services) and better recognition of it in the market place.
- b. **Quality** would by default be **considerably improved** as a monitoring mechanism would be developed as an integral part of development.
- c. **Distribution of costs and benefits of branding uniformly** (or parre passu basis) would make per cost of unit lower and relative value higher w.r.t existing resources and efforts of the enterprise, which would be considerably reduced.

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- d. **Having a common Research and Development** efforts or organization would be easier and possible (beyond the scope of individual SME units), bank financing with Corporate guarantee (of the total group in that offering sector) would enable reduced psychic energy needed by the enterprise and processing of loans and benefits would be on better terms as well.
- e. **Adding on new members** would be as easy as franchising, as long as members are willing to proactively abide by the policies determined by the team collectively.
- f. **Leveraging the Volume game** that may enable cost reduction in materials, processing, administrative overheads, IT costs (SAP/ERP) etc. if undertaken as a team.
- g. Experiences can be easily shared if open minded people are team members, so that a **sound Knowledge Management created** would ensure reduction of unnecessary duplication of process / steps.
- h. **Collectively H.R. policies** would ensure better unit support, which otherwise hampered SME contribution considerably.
- i. **Product Innovations** could be **centralized (and born of a team effort)** and exchanged views with due protection of legal infringements protected by a mature group and by establishment of trust in the above body.
- j. **Brand extensions and Professional launch** strategies could be worked out at a much lower cost and far reaching effects as in large sector, so that level playing field effects can be enjoyed by this SME sector as well.

3.1 Drawbacks of Consortium Branding for the SME sector.

- 1) Is very demanding in quality, expectations of performance and timeliness.
- 2) Needs a team effort and substantial coordinating amongst heterogeneous enterprises.
- 3) Acceptance of the Brand depends on performance of the overall offerings over a reasonable period as no one company has an established credibility record.
- 4) Is a relatively new concept and no past experience to leverage on.
- 5) Strategies expected would be in lien with Corporate sector.
- 6) Brand per se has no value and units which re member when they dispose of the unit may not have claim at least to the rights or title of the brand, except as agreed upon earlier if it is validated at the time of renewal.
- 7) Is dependent on the performance of an outside member, so smarter units may have to compromise in the larger interest for the group.
- 8) Is for units with long term perspective and mission, which generally is not commonly found in SME sector.
- 9) Would be invalid when the unit becomes big and has to isolate itself or withdraw from the team and work independently.
- 10) May need different strategy for different product / service or offerings and hence needs a sound overall Marketing strategy.

4.0 Challenges of Consortium Branding and Strategies for handling them.

Challenges of Consortium Branding.	Strategy to Handle the challenge.
a) Forming a team of like minded entrepreneurs coming together for collective benefits.	Offer suitable incentive and Regulations while promoting the Brand
b) Having it well networked around a standard policy and procedure that may be collectively beneficial and	Set a system of Democratic Voting of Management under an able adviser/ mentor or

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may not be individually liked by [patron acceptable to all](#) certain segments of the team or group.
[members by virtue of his](#)

[reputation](#)

c) Maintenance of the quality as expected [Third Party Inspection for](#)
by the Brand and working out a [Accepting for Branding and a](#)
common marketing and Brand strategy [Rigid standard at that.](#)

all that would be acceptable by [Also having regularly the](#)
[right training programs.](#)

d) Allocation of orders received if by [By virtue of who initiates or](#)
the Central body may be looked upon [works on the market](#)
as politically motivated or [development and building](#)
individually favored. [of the brand](#)

e) When the going gets good there may [Have a regular democratic](#)
be a power struggle for control [system of decision making](#)
or a greater say, not born of [and power Allocation pre](#)
professional / rational views or [determined and sound and](#)
consideration. [rational / reasonable.](#)

[g\)](#) Product Extension strategies may be [Have a sound basis for](#)
looked upon by the non [clearance of product](#)
progressive as exploitation of [development and extension](#)
opportunities or use of the common [strategy that is transparent](#)
brand without adequate returns to the [and ethically governed.](#)
Team

h) Market dynamics of a wider group [Have this handled by a](#)
to make them update / State of the [professional body, acceptable](#)
Art especially at the SME is [to all or governing the](#)
challenging as it involves [marketing strategies for the](#)
attitudinal changes [common good.](#)

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5.0 Franchising and its Drawback for the SME Sector.

- 1) Franchising is an identity established by follower units of a Master /Principal who offers technical support, Brand name, Management System, strategy and service support over a selected area of products and services and also geographic zones, which may need restrictions of entrepreneurs capability in conformance to the group/ principal, which an innovative high risk profile enterprise may not be keen in adapting to, resulting in a skewed growth in the SME sector opting for franchising.
- 2) Franchisors may be beauraucratic and demanding, coercing them to quit if the performance is not appropriate (as per expectations), leading franchisees to lose all their efforts over a name which they have limited ownership to (only w.r.t time and space) and hence may frustrate the enterprise so treated.
- 3) Would be having the effect of efforts for a third party with no assurance of individual growth, and hence self reliance is situational and not merely performance based.
- 4) Restricted in individual self expression and hence not sporting enough for the ambitious entrepreneur.
- 5) Restricted in product range, geographic zone etc. depending on the interests of he principals.

6.0 Difference between Franchising and Consortium Branding.

Consortium Branding	Franchising
<ol style="list-style-type: none"> 1. Common brand(s) for a group of SME units. May be collectively branded by the team member units and their success depends on the team efforts and coordination. 2. Interests of the SME's. Premium ness to the price offerings, subject to their quality standards and the product specifications be in order and good aesthetics developed also etc. 3. Joint participation by all team members (democratically) on development of the offerings and Brand building. 4. Owner may be the Marketer or Brand builder, a professional (preferred) or one of the leading unit amongst the team members. 5. Professional approach to Brand building and Marketing and hence the need to coordinate with all member units for success, motivating them and training them to quality and brand Consciousness (A challenging task even for strong professionals.) 6. Generally regional and national brand to be upgraded to international Brand. 7. The brand has to be created, for the SME's and hence needs motivation, 	<ol style="list-style-type: none"> 1. One or more brands that belong to a major corporate or an MNC, being supported or built up by all the franchisees for the advantage of the Corporate or MNC. 2. Interests of the Corporate or MNC and compliance to it is expected by the suppliers, failing which they risk termination with no further gain due to the Brand. 3. Outsourced items operating as suppliers to the corporate and hence any type of participation does no extra good to SME except perhaps further orders.. 4. Owner is the corporate or an MNC, who have built the Brand or bought it over for a nominal fee and developing it at the efforts of SMEs. 5. Professional approach to brand building by a Corporate team, who are competent and experienced in Brand building and the use of the franchisees to ensure the same and would discard these franchisees for unsatisfactory quality or maybe whimsical reasons if quality is good. 6. Could be at all levels. But normally international brands, otherwise the franchising may not be that attractive.

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<p>coordination, consciousness and commitment of team work.</p> <p>8. Accesses all category of products and basically this would be a Brand Organization or a professional body / team, whose core competence would be positive to the SME group being developed with a (branded offering) and also be cost effective</p> <p>9. Marketing and Brand building costs be distributed across units, the fees and royalties could be claimed for the premiumness created (which has benefited the SME units by increased revenue and profits).</p> <p>10. Financial Muscle be funded by SME member units (preferably Govt. agencies or distributor network) on suitable allocation of resource or turnover basis. They have rights to the value of the Brand in the event of a sale or extensions if worked out suitably.</p>	<p>7. Has been already developed by the corporate for its growth and development and needs to be maintained with the cooperation of the franchisee.</p> <p>8. Restricted to objectives of the company and areas of operations revolving around the core competence. Generally not delegated to the franchisees.</p> <p>9. Marketing costs are absorbed as is their general costs and the premiumness adds to the company's revenue and increased profitability as a routine marketing effort with the support of these independent and non beneficiary franchisees.</p> <p>10. Financial Muscle is good. Costs are funded by the Corporate owning the Brand or shared with all the franchisee, agencies or distributor network (but with benefit to franchisee only for the period of the arrangement) of the principals and maybe borrowed from Banks due to the reputation.</p>
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7.0 Key Steps for Consortium Branding.

- a) Build a strong team of entrepreneurs with social consciousness working beyond their unit's interest with greater platform/ perspective and committed to the strong cause of Consortium (collective) Brand building .
- b) Work out a system or environment conducive to high performance with innovations as the focus, with regular meetings for planning and review and coordinated by a core steering committee that is strongly taken up with the above strategic objective.
- c) Have a good networking arrangement between the members and the suppliers and distributors as well as stakeholders and customers so that interactivity is simple and hence would be high and fast.
- d) Decide on quality standards, common Brand name, logo, trade mark (if applicable) and the requisite standards that needs to be complied with and set up an evaluation team to monitor this performance by a professional (unbiased, uncompromising team). Communicate this through a special meeting for the purpose. If possible encourage and obtain collectively ISO 9000: 2001 and other related professional standards wherever applicable.
- e) Finalize on a professional team of ASPs, Legal, advertising and accounting firms, vendors etc. subject to common acceptance. The purchase should be for the whole lot, whole delivery and payment to be individual to enable optimal planning, best purchase price and lowered costs in all above services.
- f) Develop a Brand name, a positioning statement (one for each segment and offering if necessary commonly accepted) and create / formulate a detailed Brand building plan. If necessary conduct a Market Research to assess the acceptability of the offering, the brand name, the acceptance of this consortium product and the increase in prices and the critical factors in the success of this launch/ development of market.

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g) Implement the above plan in coordination with the member units clearly reviewing the outcome every month and quarter so as to continuously improve on the offerings, Brand extensions, and the team work.

8.0 Comparative Examples of Similar Team ventures (where Corporate Branding also benefits) like Cooperative Societies (collective performance) but which different from Consortium Branding (TM) and their relative advantages and disadvantages

a) Cooperative Society and Its Advantages.

Cooperative Society is promoted by a team of like minded people operating on democratic principle towards a specified objective of collective enhancement of offerings through production, distribution and marketing (Brand Building) of any product or service, whereby profits are enjoyed by the members to the extent of their membership and dividend declared by the board and their respective performances are restricted by regulations of the cooperative society. Membership of Society cannot be traded in the Stock Exchange and no returns except the dividend would accrue. This is because it is one Trust and Goodwill and service and not merely of commerce. An excellent example of a successful Co-operative Society is Gujarat Milk Cooperative Federation (located at Anand in India), which revolutionized the aspect of making milk to almost all while ensuring the profitability of the provider. By regulating the milk supply into a disciplined manner, they promoted a very successful model of Cooperative Marketing of household items (related to milk), which apart from creating employment for thousands of agricultural (farm) people, also to substantial urban people and generated wealth and sufficiency (adequacy) to all in Gujarat and became a working model for the cooperative sectors. Lijjat Papad is another successful organization working on similar principles (in this case a simple item like Papads – a home food) which has exported substantial amount of its offering to the foreign markets (NRI's abroad). Here again no one is an owner or adequate ownership is noted except a recognition of worth/ contribution to the founder or the organization and proportionate returns. There is no rights that is transferable or intangible value added to the offering in the team efforts, though team work of infinite number of non identities but dedicated to a cause, have proved to be mightier than an MNC, who cannot handle this type of offerings in view of the high labor content and low value of the offering, needing coordination of a very high caliber and would not prove to be cost effective to the high overhead sector like the large Corporates or the MNC's.

However in Consortium Branding the ownership of the unit producing the offering lies with the actual owner, he is actually participating as a member of a group offering a superior Branded offering and is compensated adequately through the premium ness of the offering and the identity, getting a better revenue through a marginally increased efforts. The legal status continues to be as before (any of the prevailing local entities say proprietary or partnership or private limited – Shd Bhn or so) and could be transferred as if he owned the entity except that the Brand rights would either rest with an independent company working out the strategy and the system and risk of this, or a team leader amongst them that have initiated the process or a Government body working out a developmental role for the SME sector or collectively through a memoranda of understanding that govern the working arrangement.

Through Consortium Branding , one could expand his domain / status by hard work, extend his product or market his offering and leverage the Brand as deemed fit by him, and also be creative and innovative and be well protected by the group that recognizes these and grants adequate compensation, rights and legal protection through appropriate agreements. He could enjoy the premium ness without much efforts except that needed for developing his business and monitoring his growth professionally. In a Cooperative Society the members collectively won the Society and nay individual can invest more financially or in efforts would get more on pro rata basis but he has no independent rights and not permitted to promote anything in conflict with the interest of the Cooperative Society. In the Consortium Branding Value of the contribution and not volume is the likely determinant in addition to the independency of one's individuality that one would enjoy.

Examples of similar opportunities to Consortium Branding efforts include:

a) **TM -NET** is an excellent example of a widely distributed and accepted network of mini units networked with common branding but with no individual rights except that of the principal's agreement terms All retail outlets having specified area in select locations (also specified) and quality standards (consciousness) in the service are entitled to tap (use) the Brand as a distributor and enjoy the commission privileges that govern the relationship

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for marketing the product. Here none of the other marketing mixes are privilege of the distributor (but the principal who has generated this concept or built the brand and provided the technology or offerings). For example pricing is determined by the various schemes or packages that is provided and the dealer may give a feedback but has no right in the determination of it, or promotion he is governed by a strategy that the parent body and the effect on his outlet may be marginal or substantial. There is none or limited entrepreneurship in this relationship except that of an enterprise for profits (or returns) on performance basis with focus only on his sales. Similarly the publicity and performance of the distributors would add substantial value to TM- NET Brand, and when the individual outlets get terminated due to whatever reasons, they would have only the tangible shop with no value for the relationship built with customers by hard work or good performance, which normally entrepreneurs leverage into the next business.

b) **Outsourcing Contracts (Jobbing)** are also supporting major branding operations where the advantage of being a team member is restricted to operations only with none of the marketing mixes being the privilege of the SME units, where the premiumness added by special efforts of the units would not be equivalent returns, being only an operations' performance on contract basis, though no risk of brand building is taken up by the SME units (except in maintenance of quality as specified by the inspection standards of the principals). In the event of the contract getting terminated the supplier/ sub contractor may even be refrained from production or marketing of these offerings or for being a subcontractor to others by virtue of their competence developed in the process. Thus it is evident that Consortium Branding gives the SME unit the distinct identity of the Brand being built and the dignity of contribution to a new entity that is bigger and larger than the individual, with full independence in his operations except in the banded products where he is governed by agreements that are introduced to maintain the health of the relationships. The creativity and Innovativeness of the members would be encouraged and protected while collective building on it with individual costs being low and value generated being substantial to the group.

c) **CISCO** also offers an **Umbrella Brand** to a wide range of niche service providers / specialists, who operate as the working partner in that respective discipline. They then offer Services or IT solutions under the banner of CISCO thereby leveraging the Brand value or referrals to their respective services and also adding to the CISCO Brand. To some extent they are like sub contractors/ service providers of CISCO. These specialists may be expensive to maintain for CISCO and some of them would not like to be bound to companies and would like to enterprise themselves,

9.0 Role of Networking in Consortium Branding.

Networking is the key issue in consortium branding that adds to the leverage and flexibility and thus the success of the enterprise.

Two types of Networking exists:

- a) **Internal Networking and**
- b) **External Networking.**

In the case of internal networking, one may note that special team efforts is the key issue where the larger interests of the group is looked into in the interest of the long term needs of the group. The concept of internal customer could be applied here where each would work for and in collaboration with the others in the group for developing a sound customer base for mutual benefits.

In the case of external networking it could be with upward or downward integration or with strategic alliance of complimentary competencies and support networks in an optimal manner, so that the customer has a seamless delivery of his requirements.

10.0 Consortium Branding. a) For the Manufacturing and b) For the Services sector with examples of their activities.

a) For the Manufacturing Sector.

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M/s SAM Foods Shd Bhn manufactures a special type of sweet bread for the general public and distributes it to hundreds of citizens at RM 1.00 per loaf. With no packaging of value and no brand for recall, he could manage to sell around 10,00 loaves per day in his area of operation, namely Penang. There were ten such units in Penang alone, with different variants of the bread manufactured in as many outlets. The variations are marginal to be called differentiated products as it is a simple bread. Hearing of this new concept of collective growth, They met together, under the able guidance and coordination of Mr. Peter Sam, the proprietor and deliberated on the following:

- i) How can they ensure common quality. A food technologist working in a nearby private biscuit firm offered his services on contract terms and would monitor the quality of the units and approve only products of consistent quality for branding and based on the contents as specified. We would take care of breach of compliance to this while branding.
- ii) How do you improve the packaging and what would be the best one. Sam looked through some domestic and international brands and got a standard packaging which he refined in consultation with a specialist in a packaging and developed as standard format that all would adapt with minor color variations for differences and to indicate the source of manufacture. The necessary labeling rules were studied and a printer finalized for the entire tem (common one for all) but accounted for and paid separately.
- iii) To ensure consistency of quality they went in for an ISO 9000. They signed up a ASP for handling their BPR functions jointly on an economical basis. This made them realize that bulk volume purchases and contracts enable volume discounts and greater control, so the key material that is common for all namely, the flour, sugar etc. was purchased collectively on an annual contract basis, delivered every day as per schedule. They also standardized a web page which he recreated separately for each unit, saving costs and reviewed technology and productivity systems issues jointly without fear or concern of mutual competition.
- iv) With confidence of a steady growth looming large, they decided that they should brand their product. A party was organized by SAM and just as in the case of naming a baby, all key customers suppliers, Govt. officials, bankers and every member of the team celebrated, while contemplating amongst many options thrown on them, the best name that would be simple, easy to recall, communicate the offering especially the product positioning and would motivate target consumers to buy, does not sound bombastic and scare consumers were their main focus. Five names were short listed out of the few hundreds that floated around that day along with the spirits. In a repeat party of only members, a fortnight later, after much deliberations within the respective company, the name was finalized and it was simple, short and sweet. This was now to be communicated. So when SMIDEC chief next visited the locality, apart from talks and fellowship, a launch of the Brand name was organized in a gala fashion. This was preceded and followed up by press write-ups and advertisements with the offer of an economical, nutritious, high quality, branded breads for the common folks, so that they are not denied what the privileged category enjoyed. Consumers were waiting for this new offering, and did not complain that it was a marginal improvement on their regular / routine bread. They felt they got value product economically (as if it was a realization) became stronger users (loyalists and heavier users prompted by special menus offering good alternatives to the routine sandwich and butter types) and the sales boomed. Initially the costs of advertisements were equally distributed with the understanding that from second year onwards they would contribute on par passu basis / pro rata basis of sales turnover. To the surprise of members, neighboring localities paid the extra transportation to get this product and franchising requests poured in from Melaka and Johor Baru. One of the leading traders of Ipoh felt he need not take the trouble of manufacturing and requested Sam if they could outsource to some local manufacturer (not their present member) and monitor the production at Ipoh and supply them this brand regularly as “Consumers were demanding it frequently”. Nobody as yet, knows whether it is the concept, the publicity, the product (quality), the brand or the wave(fad) that resulted in this sudden outburst of demand, surprisingly without cutting into the competitor’s market.
- v) Sam was a man of foresight. His part time evening MBA program did some trick, and he felt that this may soon be overtaken by a smarter competitor or similar team. So he invited all members for tea and review of the performance and raised the issue of building a long term relationship (CRM) with the consumer and invited suggestions from members and was exploring possibilities of a partnering relationship (pre-JIT) with the major suppliers. He was also keen on trying “**product innovations**”, variants that would have extra regional value and convenience, so that one could stay ahead of competition, even if from large Corporates and MNC’s. They even

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contemplated possibilities of exports with high value variants like dry fruit breads etc. to be popularized in the Middle East market. The outcome of these meetings and the actual CRM schemes finalized are awaited. The thought of having this brand manufacture in Africa and distributed in the region excited Sam very much and he felt that the dream was not far from reality and would come true one day. Surely the Brand is there to stay and perform. Surely a collective team of SME units can be stronger than any large Corporate or MNCs.

A **second group of firms manufacturing furniture** followed a similar system/ approach to their team operations, under the able leadership of **Mr. Abdullah of M/s Comfort Seat Shd Bhn**, and got similar benefits. They were operating independently but had the same approach to their team work, high quality, common systems and a strong brand built. In this case however only select group of products were branded and the units were permitted to market unbranded also without identifying the source of manufacture. Here a few architects and interior decorators were roped in as sales advisers of the company on commission basis based on the performance. This again paid rich dividends and they were planning to extend their branding strategies to many other related products on similar lines and agreements.

Truly Consortium Branding has come to stay in the area of manufacturing and the experience could be extended to many other SME units for other products and regions as well.

b) For the Services Sector.

M/s **Quick Service Shd Bhn** is an auto service which started with two people as a proprietary concern two years back and now has grown into a ten man team. as the name implies through dedicated services to customers, M/s Quick Services Shd Bhn built up a sound base of regular and satisfied customers. Although the facilities were inadequate, his special attention to customer's problem brought many to his works. In order to capitalize on it he worked out a sound layout and facilities using blue printing and flow charting techniques useful for services sector, and designed two to three options where the basic essential facilities existed and were homogenous and standardized as far as customer was concerned. This included tyre alignment, maintenance, spare parts storage and installation, tyre works, tow services for break down etc. and designed a layout in line with the size of the outlets and facilities offered, so that there were nine models, three sizes and three category of offerings. He made this available to fellow upcoming auto stores and insisted in uniformity as customers would form a habit of visiting a particular pattern of service and soon become loyal. The team of 30 such units over two regions soon started meeting to discuss their future course of actions, taking concrete decisive steps and implemented it in action.

The first one they addressed was **uniformity and quality of service rendered** so that the customer got the same level of satisfaction (through consistent and high quality service levels of care and concern) at all the outlets. To ensure the differentiation of these groups vs. the other ones (both bigger and smaller) he gave a logo mark and a brand name for each of the category and facility status for e.g. The Brand Name was -----, ----xtra and -----plus depending on the facilities offered, and they were given a status of A or the large ones, B for the medium ones and C for the smaller ones, where the pricing was clearly differentiated, based on size with an extra of 5 to 10 % in each of the above categories.

Supporting services like call facilities, departmental / convenience stores/ tyre re-treading and spares of Importance, fixing up small urgent features etc. were made available, and customers were sure of the billing pattern when availing of services. He packaged various schemes based on the market preferences, like pay a lump sum in advance and insurance is also taken. care-off. People found this very convenient and was Value for Money in view of the quality and cost effectiveness of this proposition.

Like the manufacturers they signed up for the service sectors all auxiliary services like ASP (for ERP) Accounting, centralized purchasing, quality management (ISO 9000:2001 etc.) and also regularly updated the original manufacturer of repute.

He approached through a small term liaison consultant and got an important FSI clearance from the Govt. for commercialization of the ventures (outlets) and the brand. This registration enable services to Govt. vehicles for the branded outlets (an important breakthrough). Soon other regions were calling on him and he was busy advising motorists of related issue much beyond the stipulated hour, but enjoyed the use and the popularity that was being generated..

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Now he recognized the power of the Brand for people started looking at the logo and wondered whether this is an international representative body or indigenous ones. So Brand promotion became a keen issue. He appointed a cost effective agency and briefed them of the issues in collection money. How developed the layout based on flowcharting and set standards for service levels and assessment of customer satisfaction, where criteria was set for accepting membership to the member teams for the sue and display of Brand and logo. So like McDonalds, one could get common high quality service at reasonable price form these outlets (all the members meeting regularly to chalk out a continuously improving system / plans for their units). The customers apart form increased flow were willing to pay more and availing a larger number of offered services in view of the excellent service received in these outlets.

The logo and the Brand picked up momentum and international agencies vied for representation in their country (which were in many cases economically stronger but people have to get across many barriers including language and cultural but logo had no barriers. The main issues were of awareness or not and the acceptability by the main consumers.

With the success of the Brand operations, he wanted to handle auto spare parts as a standard outlet.

12.0 Towards Umbrella Branding and Flagship Branding in Consortium Branding.

Umbrella Branding would be commonplace as a host of products to be catered to the same market segments would be getting the benefits of the premium ness and hence would be promote under the SME Brand (for convenience and leveraging). Retail Consortium Brands also would emerge and as in umbrella brands, flagship brand (that adds the main revenue in volume to the unit) around which the thrust of marketing / sales would be made. Variations like molecular branding, seed branding, captive branding, vanilla brand etc. would emerge, all operating on consortium principle with some flexibility and convenience, differences being on functionality of the brand w.r.t consumer utility of the offering and relationship to the unit. However all would have the basic essence that sustain the brand namely, consumer acceptance and identity, satisfaction and value for money or lifestyle related, easy availability and top of the mind recall, reflection of the positioning of the offering, and all of these handled to optimize the relative merits of the branding efforts and offerings and in this case for the benefit of the group / team as a whole.

13.0 Leveraging SME competencies / competitive advantages through Consortium Branding.

We have to note that:

- 1) SME sector is an economical sector and thus can cater to a larger segment of the market, who maybe otherwise denied of the offering.
- 2) Quite few times the SME offerings are found to be as good in quality as the MNCs and hence it is advisable to save on money by tapping on offerings of reliable SME units, even in outsourced supplies.
- 3) SME can adapt to the respective region and local situation rapidly and without much costs of modification or change over. In this competitive era, speed is an essential parameter, and this is a distinct advantage of SME sector, making guerilla marketing for them very effective. Further in service this is more personalized than any large sector overcoming any likely lowering of service levels.
- 4) SME sector units work beyond regular timings and hence flexibility may be more convenient to the consumer for routine quality requirements of the consumer.
- 5) Many a time there is more choices with the SME than in offerings of large sector, and is more user friendly as SME do not always use or make hi tech items that appear useful but is soon found to be inconvenient. Service Centers are generally costly or delayed in performance due to the number of such service outlets are few in number and normally distant from most of the consumer.

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- 6) Many more issues like the above gives SME sector a distinctive advantage over MNC's and large corporate which are lost out either due to in adept handling of the market or lack of brand that may have greater credibility.

Thus with a properly handled consortium branding without much changes in cost either there would be an increased market or premium ness could be tapped by higher (but affordable) basis of pricing. Dealer margins and transportation (many a time fiscal policies like taxes are also lower) are also low and hence the overall costs of these offerings are phenomenally low as compared to the price of the larger sector for the same standard of quality.

14.0 The Future of Consortium Branding.

As Branding is becoming more and more important and an order of the day, and with the costs of Brand buidln increasing every day, with adequate encouragement by the Government towards entrepreneurship, with people recognizing the worth and freedom of entrepreneurship (with more professionals stepping in) consortium branding, when in full force / takes firm roots, would be the order of the day. More so as people have noted disdainfully that the large corporate are only branding having outsourced to SME sector and monitored the quality. Hence with a well organized system of team operations, well worked out agreement, networking, proven quality standards in SME sector, one sees consortium branding as a low cost option to the large corporates' efforts and may soon result in these teams franchising their offerings (or outsourcing) outside their region and operating like their MNC competitors, if the heterogeneous aspect of SME smoothens out through professionalism into a homogenous body of like minded and dedicated team force.

We have noted that ASP (Application Service Providers) for use of ERP and high tech systems, share IT resources for SME sector, information databases (online ones) paid on usage basis, and many common utility services shared together of SME value, have been successful and are the order of the day to enable cost effective solutions to SME sector. The complexity of Brand building, the willingness to stretch beyond oneself in the collective interests of the team, the lack of willing ness to have a long term perspective (due to the survival syndrome attitude and emergencies in SME sector), the inability to team play, and the non loyalty of the price conscious consumer segment of SEM sector has all delayed in the implementation of this concept of consortium Branding. However with the recognition of the quality consciousness emerging out of the SME sector, and the upcoming era of Knowledge Management, Value offerings are carefully scrutinized and the real worth of the Brand is looked into by the consumer (not willing to pay more than felt fit) to segregate the hyped Brands of the MNC's from the real ones, and with connectivity enabling direct relationship to manufacturers and service providers with the consumer, who prefer price advantage (Value for Money proposition) and for fairly acceptable level of quality, consortium branding offers a promise to units that can stand up to the challenges of the team work and the branding efforts and collectively deliver this promise with high accountability to the consumer. Substantial variations of consortium branding would emerge, with well differentiated offerings and opportunities to leverage these other offerings with consortium branded products based on creative and innovative abilities, maintaining the desired degree / independence of entrepreneurship would be the order of the day giving a strong challenge to the MNC's and the large corporates.

Prof. Dr. M.V.Shetty and MohdNor Ismail are full time faculty in the Faculty of Management Division (FOM) of MMU, Cyberjaya, and involved with generating innovative (creative) and State of the Art Management approaches to the SME sector and entrepreneurship development with a specific objective of regional balanced growth and prevention of undue exploitation of opportunities by the mighty unless born of a real / sound basis. We invite like minded professionals to share their opinion and suggest their views and experiences or referrals (for study) by emailing queries to shetty@mmu.edu.my or mohdnor.ismail@mmu.edu.my.