

Introduction Part

Origin

According to our honorable course instructor Mr. Mujahid Mohiuddin we have selected to prepare report on "ICT Use in Bangladeshi SME Sector". We focused our work on IT sector, the IT goods seller SME's. After a brain storming session with the group we have been finally able to prepare the assignment.

Objective

Broad Objective

To find out the impact of technology in sales activity in SMEs in Bangladesh.

Specific Objectives

- § To know briefly about the SME industry.
- § To find the impact of technology on selling
- § Selling Strategies in SME
- § Use of Technology for forecasting sales for next period
- § To find out the influence of use of technology over the customers.
- § To identify the influences of technology over the employees.

Scope

SME is a emerging sector today in Bangladesh, it's very big with different branches. That's why we focused to IT sellers only. This report covers the relation with different aspects & current SME scenario.

Methodology

For preparing the report we have used various software like: MS Excel, MS Word, SPSS. SPSS has used for data analysis, MS Excel too.

Report Preview

The whole report have lots of data collected from survey. The report covers the definition; sales force strategy and sales force detail, different perception on using technology in MSE business and their success-failure after using ICT in the business.

Source of Data

We have collected data from internet and survey. More detail on survey and sampling has said in Appendix.

Analysis of Data

Pie Chart, Correlation, Bar Chart, Frequency Distribution etc. analytical tactics has used to prepare the data.

Limitations

- § Some of the respondents failed to complete the whole questionnaire due to unknown reason.
- § Our respondents have very few knowledge about different techniques of selling technology.
- § Shortage of secondary information is a major constraint of this report.
- § We have time limitation to prepare this report.
- § Unfavorable attitude of the organizational personnel and lack of experience of us shorten the scope of thoroughly analyzing the report.

The Report on Secondary Data

Introduction

In recent times small and medium scale enterprises have drawn a lot of interest among the policy makers, academics, and donors. They stimulate private ownership and entrepreneurial skills, are flexible and can adapt quickly to changing market demand and supply situations, generate employment, help diversify economic activity, and make a significant contribution to exports and trade. Even in the developed market economies SMEs can contribute a large share in output and employment. Adoption of technology and wide range of use of technology can make this potential sector more profitable and more attractive. This report starts with the definition of SME. Then it states the adoption of technology by SMEs, impact of technology in selling, selling strategies and forecasting by using technology. We found that the most of the organization are less technology friendly and not known about the benefit they can get by using technology. Lack of availability of information of technology is the major problem in this regard. The general conclusion can be drawn by saying that in spite of some problems, adoption of technology by SMEs in sales activity will make the sector more competitive.

Definition of SME

The definition of SMEs is not unique; it varies across countries and in some countries the definition differs further between sectors. Number of people employed and size of capital, sales, assets, etc. are used to classify enterprises into micro, small, and medium. In Bangladesh, small enterprises was first defined in the Industrial Policy of 1991 when they were classified as industrial undertakings engaged in manufacturing or services activities with a total fixed investment not exceeding Tk. 30 million.

The Industrial Policy of Bangladesh 1999 describes small industries as those employing less than 50 persons and having a fixed capital investment of BDT 100 million.

Medium industries were defined as those employing between 50 and 99 workers and requiring investment between BDT 100 and 300 million. This policy is now under revision, which is yet to be finalized and officially published. According to media reports, the definition of industry has been reportedly revised in terms of "replacement costs" taking the cost of factory set-up and land as fixed. An industry with a replacement cost of BDT 15 million (\$254,000) is expected to be termed a small industry and one with a replacement cost of BDT 15-100 million (\$ 0.25-1.69 million) as a medium industry. It may be noted that neither the existing nor the proposed definitions take into consideration other important factors, like technological requirements, technical complexities of production, degrees of skills required in workers and managers, degree of value addition and turnover, import requirements, need for working capital, and probable trade barriers to market access. As a matter of fact, the technological requirements, the methods and skills of production, and the quality of manpower needed for production and management are highly dynamic issues.

Definition of SMEs (As per Bangladesh Bank)

The enterprises, in principle, are not public limited companies

Enterprise	Sector	Asset size	No. of employees
Small	Service	Total fixed asset excluding land & building Tk. 50000-Tk. 5 Million	Less than 25
	Trade	Total asset worth Tk. 50000-Tk. 5 Million excluding the value of fixed asset	Less than 25
	Manufacturing	Total fixed asset excluding land & building Tk. 50000-Tk. 5 Million	Less than 25
Medium	Service	Total fixed asset excluding land & building Tk. 5 Million -Tk. 10 Million	Less than 50
	Trade	Total asset worth Tk. 5 Million -Tk. 10 Million excluding the value of fixed asset	Less than 50
	Manufacturing	Total fixed asset excluding land & building Tk. 15 Million -Tk. 20 Million	Less than 150

Source: The Financial Express, Dhaka, 27 May, 2008

SME in Bangladesh

It can be noted from the findings that food and allied products, textiles and apparels, engineering and fabricated metal products and IT products are currently dominant in the SME sector.

The other new industries which have grown in importance in the SME sector in the recent years are plastic products, electrical goods, electronics, artificial jewellery, wooden and steel furniture, television and radio assembling and soaps and detergents. This is reflective of a structural change taking place in the SME sector from traditional to relatively modern product categories, perhaps with higher capitalization and use of better production techniques.

Summarizing the findings of various major studies the following important positive changes taking place in the situation of the SMEs in Bangladesh:

- § SMEs have diversified their activities
- § Entry and exit into the sector has become easier
- § The RMG industry has contributed significantly to SME development by providing them with orders for accessories and packaging materials
- § The development of the footwear industry has increased subcontracts to SMEs
- § Small-scale entrepreneurship has grown significantly in agro-processing in general and in poultry in particular.

An Overview on Adoption of Technology in SME

Adoption of technology in the SMEs is not very common in Bangladesh. As our concentration point is IT sector, most of the organization uses technology for their operation in this sector. Most of the organizations have been using technology in this sector for the last two/three years. They use software like Microsoft excel, Quick book, ERP for storing information and for maintaining accounts. Some organizations maintain customer database for their customers. They also use fax machine, printers and internet for their operation on a daily basis. Many organizations use customized software for their own for forecasting sales, for the delivery of the products, for maintaining customer information and for keeping information of the employees.

Customers of ICT Industry

Their main customers are those people who have computer at home. It means they have to focus on individual customer. By providing better quality service they retain their customer. They have to focus on after self service. Beside individual customer their main clients are the corporate offices. In these sector they generate huge profit. The more corporate client they have the more profitable their business is. They can earn more corporate client by providing these service: Selling any product or service by team effort. The team comprises cross sectional members.

- Providing a complete solution to any problem.
- Providing various services to the customers– consulting on problems
- Rendering technical assistance, arranging financing, expending delivery.
- Deciding which customers will get scarce products during product shortages.

Product

We surveyed 33 SMEs in Dhaka city. All the SMEs sell computer and IT related goods. They sell hardware device like monitor, mouse, keyboard, printer etc. They also sell various package and customized software.

Employees & Sales Force

Sales Force Objective

- **Prospecting:** searching for corporate clients and individual customer.
- **Targeting:** deciding how to allocate their time among corporate clients and individual customers.
- **Communicating:** communicating information about the company's products and services.
- **Selling:** approaching, presenting, answering objectives and closing sales.
- **Servicing:** providing various services to the customers– consulting on problems, rendering technical assistance, arranging financing, expending delivery.
- **Allocating:** deciding which customers will get scarce products during product shortages.

Sales Force Strategy

- **Role of account managers:** arrange fruitful contact between various people in the buying and selling organizations.
- **Team selling:** selling any product or service by team effort. The team comprises cross sectional members.
- **System selling:** providing a complete solution to any problem. Providing a complete solution to any problem.
- **Outside and Inside sales force:** Outside sales force travel to call on the clients. Inside sales force conduct business via phone or physically staying in their office.
- **Deployment of Direct (company) or Contractual sales force**

Sales Force Structure

They don't have any formal structure for sales force.

Sales Force Size

Their sales force size is not large like an industry. For fair or some kind of trade the need more sales people then actual.

Sales Force Compensation

Types of compensation packages

- Straight salary compensation package
- Straight commission compensation package
- Compensation based on team package
- Compensation based on customer satisfaction

Setting Sales Objectives

Whether it's a cold call, a referral, or a client you've known for years, it is imperative when making a sales call to have an objective. Selling is not a very complex process. It's just difficult to do on a consistent basis. That's why the process must begin with the setting of a pre-call objective.

If you doubt this, remember that by definition, a sales call must move systematically toward a sale.

This doesn't require elaborate planning, sometimes only a few minutes. Before making any sales pitch, be sure to answer the question, "If this call is successful, what will be the result?"

Sales Forecast

These are some external factors that can affect sales:

- Relative state of the economy
- Direct or indirect competition
- Political events
- Style or fashion
- Consumer earning
- Productivity change

And there are some internal factors that can affect sales:

- Sales motivation change
- Inventory shortage
- Working capital shortage
- Price change
- New product lines

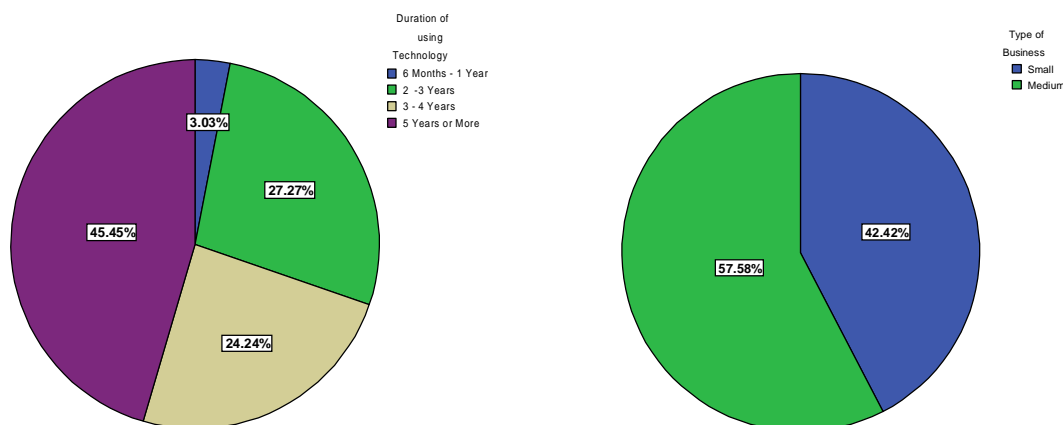
Survey Finding

Awareness

From the survey it has found that 100% people of SME in IT goods selling know that the use of ICT in business can give a fruitful output, they aware of it and they use IT and technology in business. The reason may be that, they are involved in IT goods selling.

Time and Size

In the survey there were around 42% small enterprise and 58% medium enterprise found that says in this particular part of SME the number of medium industry is more that than small industry. It means in IT selling SME it require larger amount of capital. Here, more than 45% SME's are more than 5 years old. In the survey only 3% new SME found.

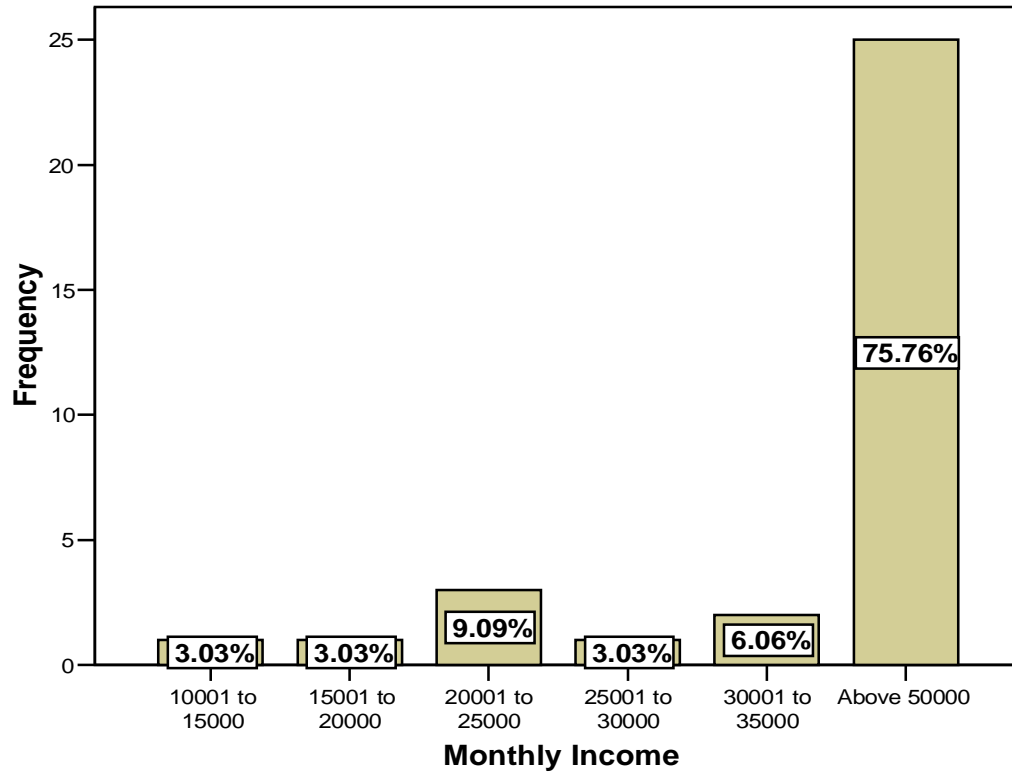


Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10001 to 15000	1	3.0	3.0	3.0
	15001 to 20000	1	3.0	3.0	6.1
	20001 to 25000	3	9.1	9.1	15.2
	25001 to 30000	1	3.0	3.0	18.2
	30001 to 35000	2	6.1	6.1	24.2
	Above 50000	25	75.8	75.8	100.0
	Total	33	100.0	100.0	

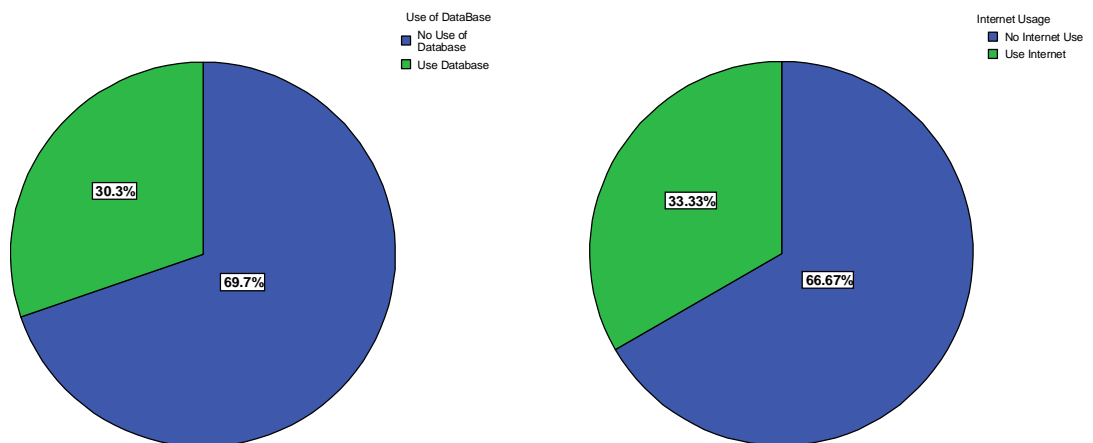
The monthly income in this industry is high and the survey reveals that more than 75% SME do have income more than 50,000 BDT per month. Very few (about 3%) have their profit in between 10,000 BDT to 20,000 BDT.

Monthly Income

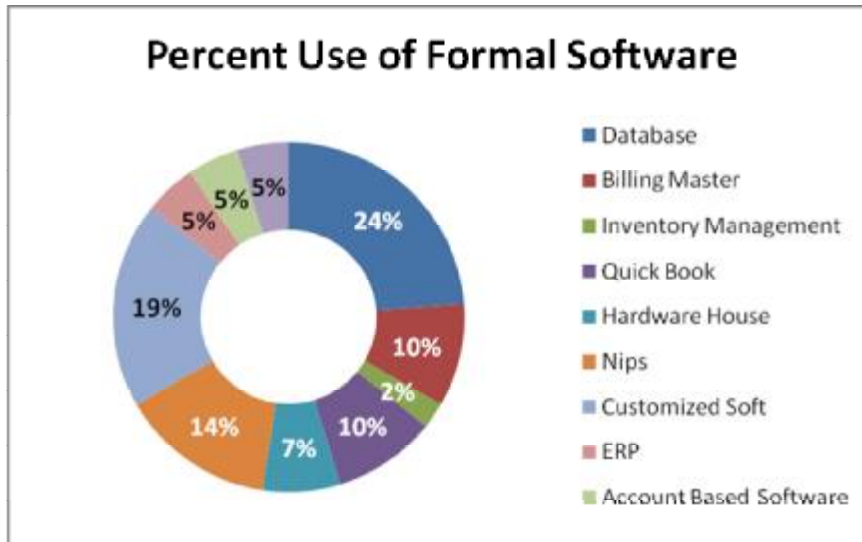


Technology Usage

The rate of internet use for business is still very low, 33%. Though 70% SME don't use formal database but most of them use computer and other different formal and non formal software.

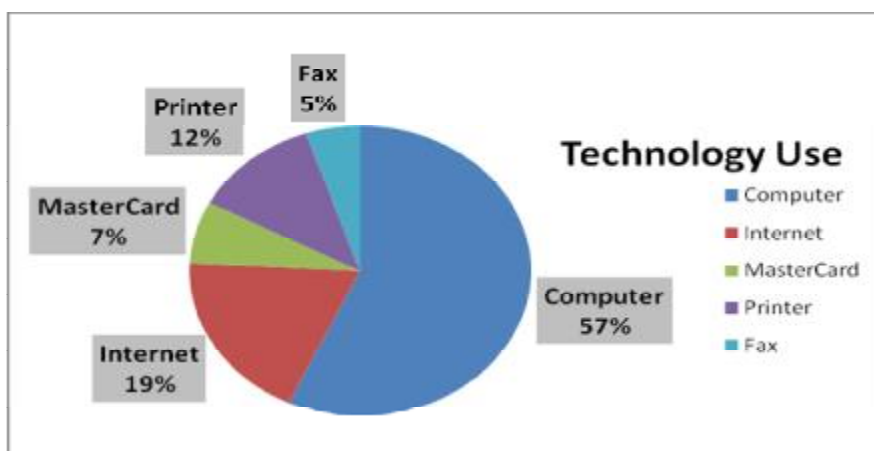


In the next graph it is seen 24% use database software as the formal structure of using technology in business which is the maximum among others. The second large value is 19% for customized software. The lowest, 2% represents inventory management software.

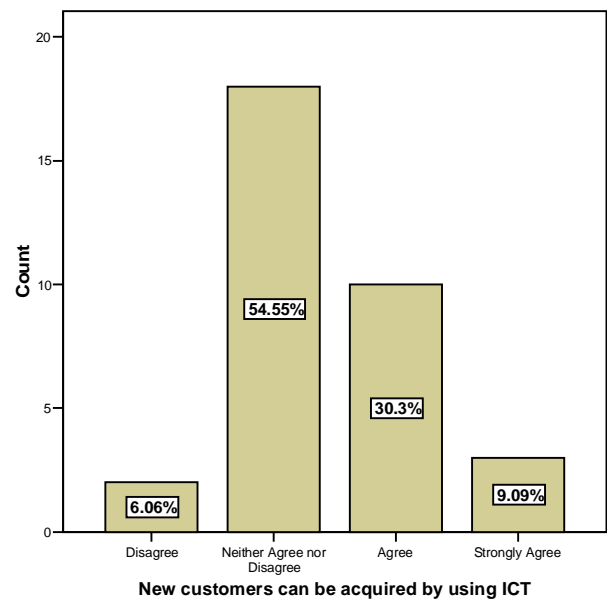
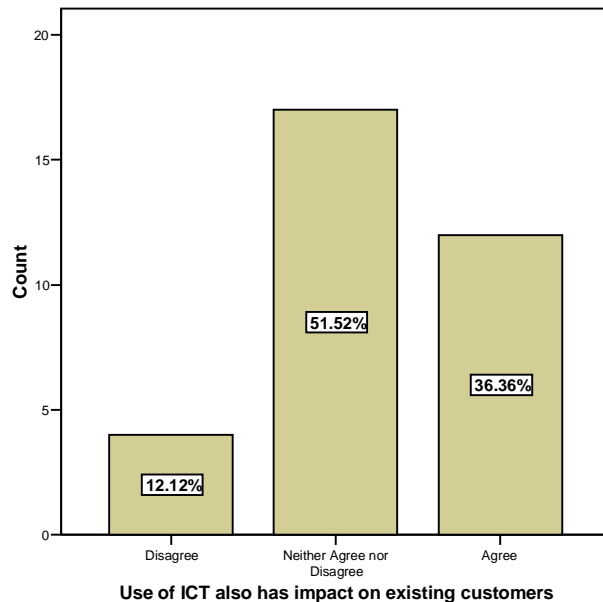


Software	Use (by number of SME)
Database	10
Billing Master	4
Inventory Management	1
Quick Book	4
Hardware House	3
Nips	6
Customized Soft	8
ERP	2
Account Based Software	2
MS Excel	2

Here different kind of technology used which include Computer, Internet, Master Card, Printer & Fax. Here Fax is the lowest one 5% only and computer the highest 57%.

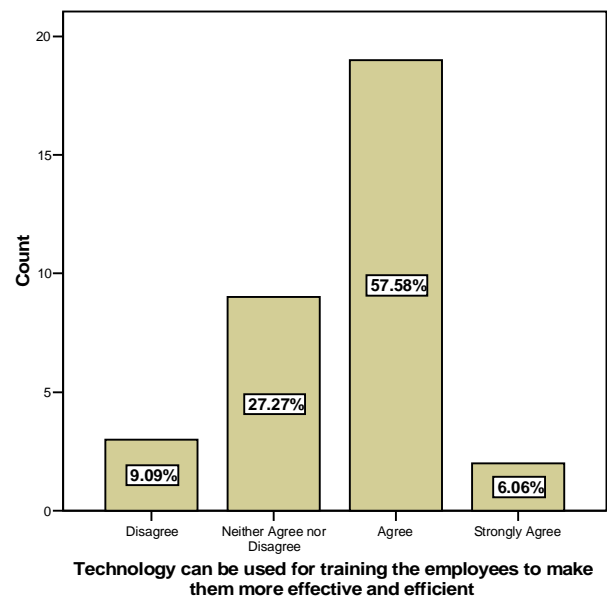
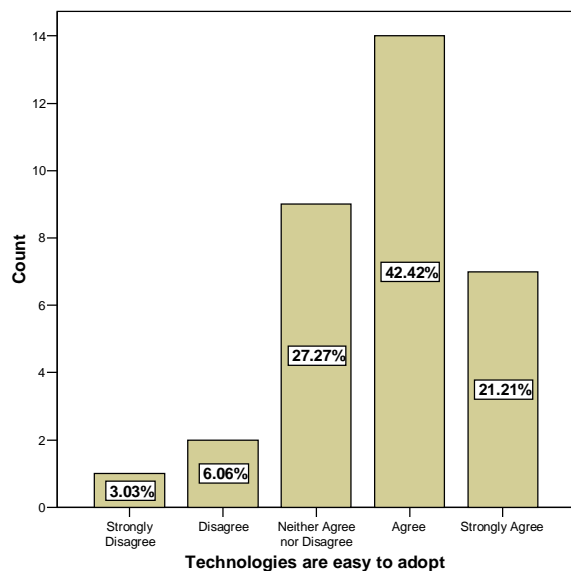


Category of Technology	Technology Use (by number)
Computer	33
Internet	11
MasterCard	4
Printer	7
Fax	3

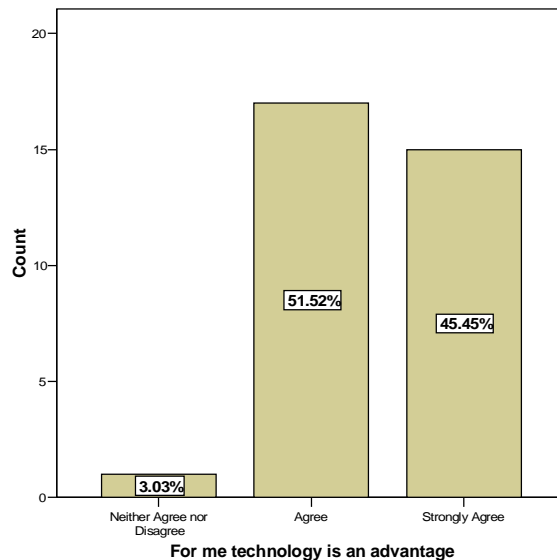
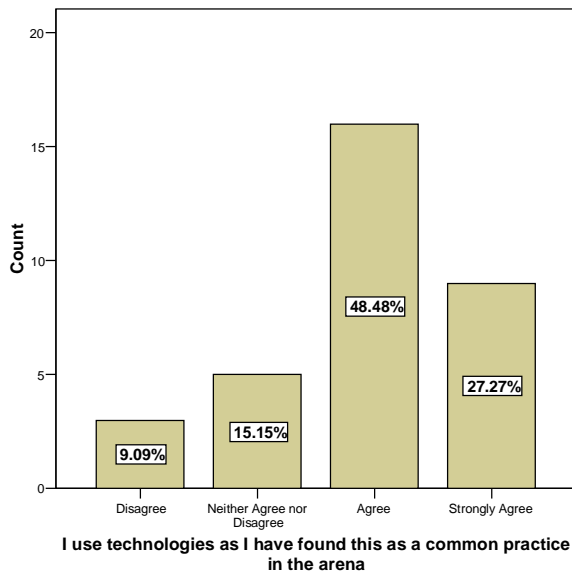
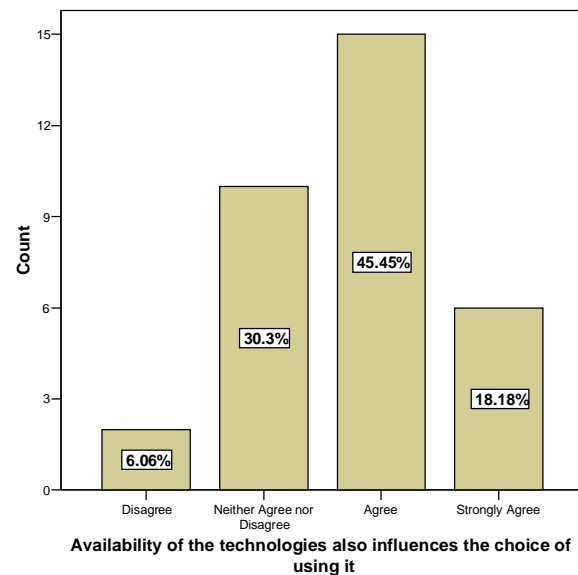
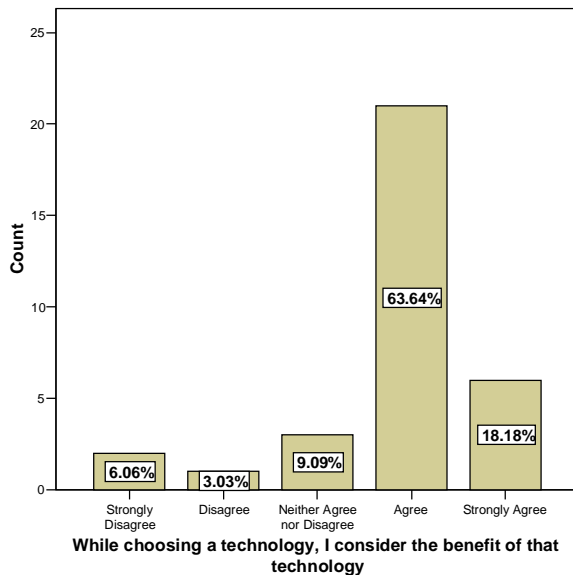


Consensus

More than 50% respondents neither agree nor disagree that ICT also has impact on existing customers. 56% kept themselves in neutral position on the issue that, use of ICT can attract new customers. Maximum 42% agreed that Technology is easy to adopt. 58% agreed technology can be used for training employees to make them more effective & efficient.



While choosing a technology, I consider the benefit of that technology – said by 64% and 45% also agreed that, availability of the technologies also influences the choice of using IT. Interestingly 48% respondents said they adopted technology because of the common practice. More than half of the respondents said use of technology in their business has come as an advantage.



The major part of the respondents has agreed that, technology has greater impact on selling, technologies help in managing managerial activities, consider technology as a safe medium for storing information and they have adequate knowledge about the modern technologies. Meanwhile, major portion of respondents kept them in neutral part in the issue of consider technology as an important technique for forecasting sales and technology gives more room to find product faster. People believe that technology doesn't costs higher than profit.

Hypotheses

1. Relation with Internet usage and having adequate knowledge about modern technology

Correlations

		Internet Usage	I have adequate knowledge about the modern technologies.
Internet Usage	Pearson Correlation	1	-.160
	Sig. (2-tailed)	.	.374
	N	33	33
I have adequate knowledge about the modern technologies.	Pearson Correlation	-.160	1
	Sig. (2-tailed)	.374	.
	N	33	33

There is a positive relation with Internet usage and having adequate knowledge about modern technology. That means internet gives them the opportunity to know about modern technology without their regular internet usage.

2. Relation with usage of database and faster product delivery

Correlations

		By using technology I can deliver the products more quickly	Use of DataBase
By using technology I can deliver the products more quickly	Pearson Correlation	1	-.072
	Sig. (2-tailed)	.	.690
	N	33	33
Use of DataBase	Pearson Correlation	-.072	1
	Sig. (2-tailed)	.690	.
	N	33	33

There is a strong positive relation with usage of database and faster product delivery as we always know technology gives more relaxation for maintaining proper record of inventory.

3. Relation with monthly income and impact on selling by using technology

Correlations

		Monthly Income	Technology has a great impact on selling
Monthly Income	Pearson Correlation	1	-.178
	Sig. (2-tailed)	.	.323
	N	33	33
Technology has a great impact on selling	Pearson Correlation	-.178	1
	Sig. (2-tailed)	.323	.
	N	33	33

There is a positive relation with monthly income and impact on selling by using technology. By this it can be said that large profit generating enterprises can utilize technology in better way in terms of generating more sales.

4. Relation with monthly income and technology costs more than profit issue

Correlations

		Monthly Income	Technology costs more than profit
Monthly Income	Pearson Correlation	1	.046
	Sig. (2-tailed)	.	.801
	N	33	33
Technology costs more than profit	Pearson Correlation	.046	1
	Sig. (2-tailed)	.801	.
	N	33	33

There is a strong positive relation with monthly income and technology costs more than profit issue. That means big profit generating SME's investing more on technology but cannot achieve expected growth, this may happen because of ineffective use and handling of technology.

5. Relation with monthly income and considering technology as the forecasting technique for sales

Correlations

		Monthly Income	I consider technology as an important technique for forecasting sales
Monthly Income	Pearson Correlation	1	.243
	Sig. (2-tailed)	.	.173
	N	33	33
I consider technology as an important technique for forecasting sales	Pearson Correlation	.243	1
	Sig. (2-tailed)	.173	.
	N	33	33

There is a positive relation with monthly income and considering technology as the forecasting technique for sales. That implies that, larger and more profit generating SME's use technology for sales forecast.

6. Relation with new customer attraction and positive impact on existing customer by usage of technology in business

Correlations

		New customers can be acquired by using ICT	Use of ICT also has impact on existing customers
New customers can be acquired by using ICT	Pearson Correlation	1	.164
	Sig. (2-tailed)	.	.363
	N	33	33
Use of ICT also has impact on existing customers	Pearson Correlation	.164	1
	Sig. (2-tailed)	.363	.
	N	33	33

There is a positive relation with new customer attraction and positive impact on existing customer by usage of technology in business. That means, if SME's use technology they will be benefited for keeping existing customers and can get more new customers.

Recommendation

At the report we see adaptation of ICT in SME in Bangladesh is more or less impact in their sales activity and their efficiency. But they cannot use technology at the maximum level. So, we recommend them to practice them to practice following things for make them .ore effective and efficient.

1. We see their only one or two person in an enterprise know about the information communication technology and we think it is need to train more less every people for store data, when it is perform.
2. They only use account based software but it is need to store to keep all customers information.
3. To increase their sell it is need to need to sell them through online.
4. They need to touch every time through e-mail or other way with their customer for increase their sales.
5. They are not forecasted their future sale because most of the entrepreneur thinks that it is not their hand. But they need to forecast their future sale for seeing their past sales.
6. They need to aware every time their customers about the most updated products and listen about the selling product performance.

Conclusion

The SMEs worldwide are recognized as engines of economic growth. At the end, it is observed that adaptation of technology in SME in Bangladesh has impact in their sales activity. It helps them to keep perfect sales figure. They all are belief technology helps them to through the right tract and keep data safe. It decrease labor costs and ensure quick service. All of them are agree with the statement that "Updated technology will increase their selling and make customers more satisfied".

Reference

1. Definition of SME (As per Bangladesh Bank) the Financial Express, Dhaka, 27 May, 2008.
2. "Statistical Yearbook of Bangladesh", 2001, Bangladesh Bureau of Statistics.
3. "Industrial Policy of Bangladesh 1999", Government of Bangladesh.

Appendices

Appendix I

The Survey

Data Collection

Data has collected going to different shops who meets the basic definition of SME. As the focus of the research was to IT goods sellers so we went to those selected shops.

Sampling

The sample size is 33 and we followed Convenience Sampling and Judgmental Sampling.

Respondents

All the respondents are the sales person in the shop, executive or the owner of the SME.

Methodology

The data collection method was Direct Interview.

Appendix II

Survey Questionnaire

There is now a broad consensus that a vibrant SME sector is one of the principal driving forces in the development of a market economy. In spite of constraints SMEs are adopting various ICT techniques in their activities slowly but surely. This questionnaire is devised to explore the techniques adopted by SMEs. The respondents are requested to give their valuable opinion to the questions presented in the following. It can be assured that this study is done completely for academic purpose and will be kept concealed.

Name of the organization: _____

1. Type of business

1 = Small 2 = Medium

2. Do you use any technology for your business?

1 = Yes 2 = No

3. Nature of technology that you use:

4. How long have you been you using technology?

1 = 6 months-1 year

2 = 2-3 years

3 = 3-4 years

4 = 5 years or more

5. Monthly income:

01 = Below 5000

02 = 5001 to 10000

03 = 10001 to 15000

04 = 15001 to 20000

05 = 20001 to 25000

06 = 25001 to 30000

07 = 30001 to 35000

08 = 35001 to 40000

09 = 40001 to 45000

10 = 45001 to 50000

11 = Above 50000

6. Before filling this questionnaire were you aware of the term information and communication technology (ICT)?

1 = YES 2 = NO

7. Do you think that it is necessary to use technology for SMEs?

1 = YES 2 = NO

8. Do you have any formal structure for using technology?

1 = YES 2 = NO

9. If YES, then what type of structure do you use?

10. In the following a few statements are being presented about the use of technology on a FIVE point scale ranging from strongly disagree (1) to strongly agree (5). Please depict your position by putting a mark on the scales in accordance of your agreement with the statements.

Statements	Strongly Disagree (1)	Disagree (2)	Neither Agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
1. Technology has a great impact on selling.	1	2	3	4	5
2. New customers can be acquired by using ICT.	1	2	3	4	5
3. Use of ICT also has impact on existing customers.	1	2	3	4	5
4. Technologies help in managing managerial activities.	1	2	3	4	5
5. I consider technology as an important technique for forecasting sales.	1	2	3	4	5
6. Technology can be used for training the employees to make them more effective and efficient.	1	2	3	4	5
7. I consider technology as a safe medium for storing information.	1	2	3	4	5
8. Technologies are easy to adopt.	1	2	3	4	5
9. I have adequate knowledge about the modern technologies.	1	2	3	4	5
10. By using technology I can deliver the products more quickly.	1	2	3	4	5
11. Technology costs more than profit.	1	2	3	4	5
12. While choosing a technology, I consider the benefit of that technology.	1	2	3	4	5
13. Availability of the technologies also influences the choice of using it.	1	2	3	4	5
14. I use technologies as I have found this as a common practice in the arena.	1	2	3	4	5
15. For me technology is an advantage.	1	2	3	4	5