

Revitalizing the Regional Economy and Consolidating Industrial Competitiveness: the Impacts of SMEs and New Company Formation

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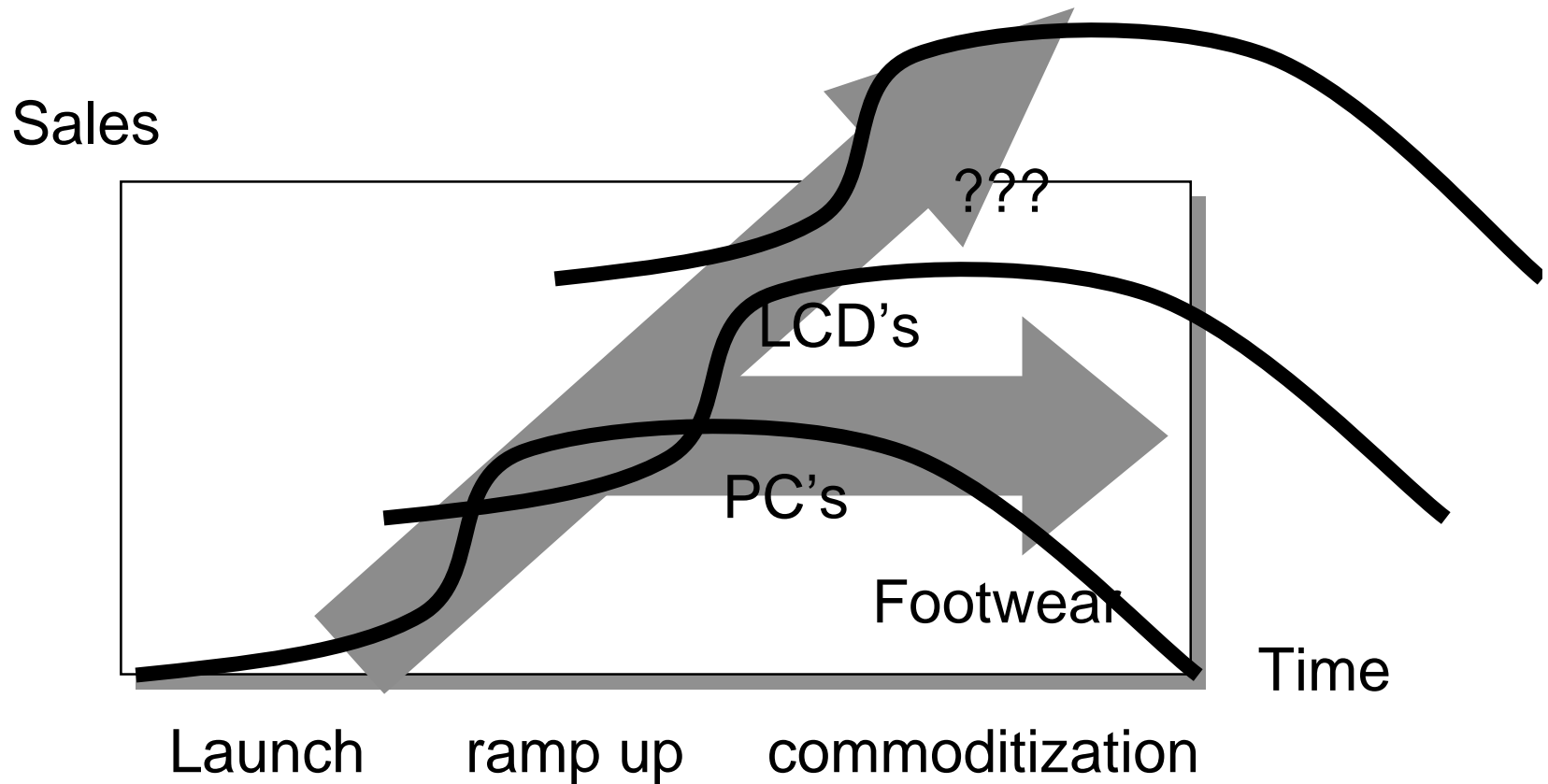
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Riding the Product Life Cycle: The Case of Taipei



Extending Taiwan's "Sweet Spot"

- Continued supply chain leadership
- Increased service competence
- Direct expansion into low cost regions
- Leading in consolidation

Capturing new product cycles

- Increased product market knowledge
- Increased technology capacity
- Continued leadership in “ramp up” product engineering
- Continued “trust” with lead market players
- Direct expansion into lead markets

Enhancing complementary services

- Design capabilities
- Supply chain capabilities
- Finance capabilities
- Market sensing capabilities
- Marketing/service capabilities
- General management capabilities
 - within Taiwan
 - global direct operations
- All involve increasing knowledge base, improving institutional context

Potential Roles of SMEs and New Company Formation

- Innovative ventures
 - Co-specialized elements of supply chain
 - Providers of complementary services
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- Small and innovative often go together, but not always!!!!

Special Contributions of SMEs and New Company Formation

- Focus
- High powered incentives
- Lack of historical “baggage”
- Cross-cutting specialization
- Ability to forge new linkages (geography, technology, markets)
- Complements, not substitutes to innovative integrators

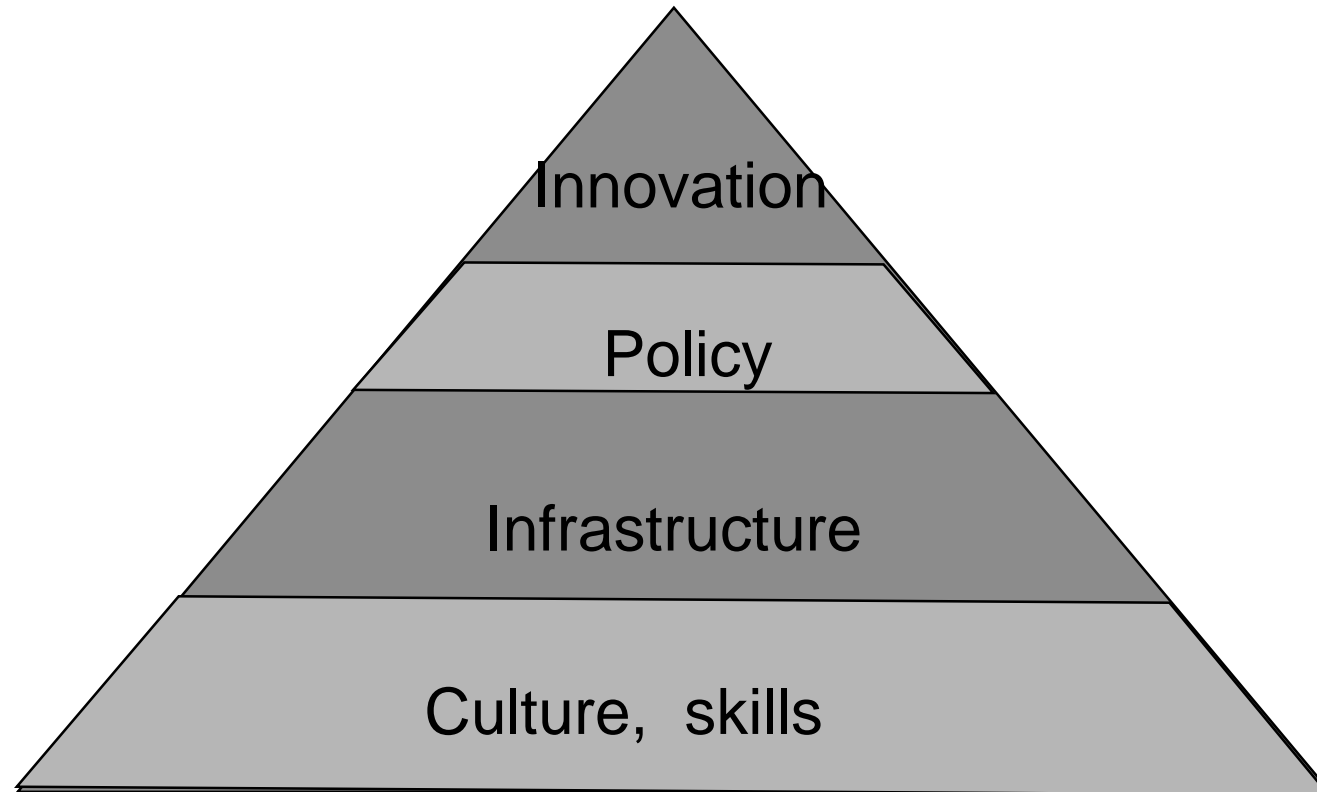
Types of Innovation/Entrepreneurship

- Technology (Product and Process)
- Business model
- International Linkage



Source: Lester Thurow

What's needed



Culture

- Creativity (technical mastery as necessary but not sufficient)
- Risk Taking
- Trust
- The role of education

Education for innovation, entrepreneurship

Start-up ready

Coaching,
mentoring

Business plans

Business skills

Market sense

Needs identification (social, economic)

Early

Creativity, teamwork, complex problems solving

All

Few



Infrastructure

- IPR
- Contracting, finance regime
- Lowest transactions costs (physical, financial within, across countries)

Policy

- Level playing field (access to) for SMEs
- Facilitate outsoiurcing, co-specialization
- Support shared resources in domains where private sector has discovered opportunities
 - Product Standards
 - Interchange standards
 - Marketing visibility, information
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