

SUPPORTING SMES

VIDEO TRANSCRIPT

Oli Barrett: In this series, we are exploring some of the biggest challenges facing organisations today. And navigating the strategies that offer the best response to the new normal. I'm joined by Accenture's Mark Gaylard, Managing Director, Customer Sales & Service. And Kim Kim Oon, Managing Director, Banking. We'll discuss how providers can support small and medium sized enterprises, SMEs. Working together towards shared goals and explore how organisations can build long term customer value through supporting SMEs. Mark, Kim Kim, welcome.

Mark Gaylard: Hi Oli.

Kim Kim Oon: Hi Oli.

Oli Barrett: Mark, can I start with you? Just remind us why SMEs, small and medium-sized enterprises are so crucial to the economy.

Mark Gaylard: When we talk about SMEs, SMEs tend to be defined as businesses that are up to 250 employees and there are six million SMEs in the UK. And they employ 17 million employees. So they represent a very large portion of our economy, but also represent a big part of the enterprise business for big corporates as well. And if we look over the last couple of years as a sector they have seen really strong growth. So it's important for big business to really capture that market.

Oli Barrett: Excellent. Now, Kim Kim, let's think about how well served these SMEs are by the larger corporates in the economy. I know you work particularly in banking. What do you see?

Kim Kim Oon: I think if you look at it from a banking perspective, I always think that the SMEs are sort of like the neglected middle. So if you look at the propositions that a lot of times are out there, it's usually shrinking what the corporate propositions are from top-down or actually looking at it from bottom-up. From a retailer trying to expand into the SMEs. So I think there is an opportunity there to look at, you know, how do we better serve this segment?

Oli Barrett: And as you start to flesh out what that middle offer looks like, Kim Kim, any thoughts just to get us started thinking about how that offer would differ from the one perhaps for a much larger corporate? Clearly, there's a gap.

Kim Kim Oon: So I think it's about a balance between, you know, how do you serve them even from a relationship manager perspective? Could you kind of digitise that relationship a bit more because they might want to have a lot more autonomy. How do you then look at giving them the right tools and all that so that they can use it within their business, but then also giving them the right advice and support to be able to do that. That could be a bit different from other corporates.

Oli Barrett: So, Mark, I can see already a challenge for a large corporate. On the one hand, SMEs like things to be automated, on the other, they're often saying, "just give me a human interaction, somebody to deal with." How do large corporates navigate between those two? It's complicated.



Mark Gaylard: It's challenging because SMEs, the breadth of SMEs is clearly vast in terms of the sectors that they cover, and also the number of SMEs. So, to deliver a cost-effective service, which is profitable to big business is a challenge. So, having the right digital tools and the right digital services to be able to blend that with the field force, and with the human is really critical in how you manage that sector.

Oli Barrett: Excellent. Well I want your advice on how they go about that shortly. Why don't we come right back up to date? Kim Kim, with the last few months, COVID-19 this global pandemic will have hit SMEs in so many different ways. Give us a range of what you've seen.

Kim Kim Oon: I think if you look at how the industry has been impacted so, we did a survey and from the UK perspective, I think about 58 percent of businesses have said that their sales have decreased significantly or they have gone out of business. So banks have responded by now helping them, whether it's through payment holidays, helping the SMEs refinance their loans and all that. If I were to call up a couple of examples that have gone above and beyond... So like ING in Poland, they looked at helping SMEs digitise their business models and also then offer payment holidays if you were to use their payment gateways. And then if you look at Barclays Bank, they most recently launched a Back to Business programme in partnership together with Cambridge University, to help SMEs assess their businesses in terms of their cash flows, profitability, as well as their management, and then come up with tailored plans in terms of how to do something and grow the business in the current environment.

Oli Barrett: I think it's really helpful, isn't it, Mark? To have real examples of what we're seeing large corporates do. Will you help us build on what Kim Kim has offered?

Mark Gaylard: There's other examples in other sectors where big business have provided free products and services to help alleviate the financial stress of small business.

And also in terms of helping SMEs navigate the what is fairly complex arrangements around obtaining grants from the government. So big business have really helped in the advisory services to SMEs to help them navigate this situation.

Oli Barrett: I'm wondering whether what we're seeing is extraordinary measures for extraordinary times and everything goes back to normal. Or, whether we're seeing a new range of service offerings emerging from large corporates. Kim Kim, what do you see?

Kim Kim Oon: I definitely do think that relief in really extraordinary times. And there would be an expectation in terms of what the banks have done today. For example, in terms of, you know, providing payment holidays and stuff like that. Would the SMEs continue to expect that once, you know, the crisis abates? So there will be a question in terms of what the banks could do. And I think there is an opportunity now to rethink their business models as well as the propositions that they are offering their customers.

Oli Barrett: And actually, Mark, presumably, there is a reputational risk for the large corporate. If the expectation is so high on the new ways that they have been behaving, how can they navigate that?

Mark Gaylard: It's important that big business show that they are doing the right thing and building trust within the SME community. So really, the important way to do that is to gain a much closer understanding of their customer base, to understand their needs and to understand the resiliency of those customers as well, to really be able to make sure they focus their efforts on those customers that need them most.

Oli Barrett: So you got me thinking now, both of you, about advice you'd give to the large corporate saying, "how can we reinvent the way we support SMEs?" Mark, give us your top tip and then Kim Kim.



Mark Gaylard: I think what we've seen is that big business have responded quickly with short-term measures to alleviate the financial distress of business. But they now need to think about how they very quickly reinvent their proposition as we see us emerging from COVID. So pushing new propositions that will help SMEs, particularly in the digital services and digital e-commerce space, is going to be increasingly important.

Oli Barrett: Kim Kim, what would your top tip be for a corporate, re-evaluating their support for SMEs?

Kim Kim Oon: So I think banks can look at it from a few ways. One is thinking about how do you leverage behavioural analytics to better understand and engage your customers. The second, it's what are some of the tools that you could potentially rule out? So, for example, could banks think about rolling out a liquidity management tool to help SMEs forecast and manage their cash flow better? And then I think the third thing that banks could really look at is how do they explore this whole world of advice, to help SMEs meet their unmet needs. Because if you look at statistically today, SMEs don't typically go to the banks for advice, they typically go and look at other professional services firms or they go to online sources and banks. It's like the third choice when it comes to advice for them. So how could banks really exploit this and create new revenue streams for them?

Oli Barrett: That's really interesting Kim Kim. I have to say, if we think back through the financial crisis, real reputational challenges for some of these financial organisations, I wonder if you see an opportunity to really once and for all turn that around here?

Kim Kim Oon: Definitely, Oli. I mean, if you look at the last financial crisis the banks were perceived as the villains and I do think that there is an opportunity now to become the heroes. So there is an opportunity to build long term trust with your customers, because what you do today will be remembered by your customers in the long

run. So that's a big shift of the dial I would say, in terms of how do you look at trust, how do you then build a brand value, not just for the SMEs, but also for the wider society.

Oli Barrett: On that 'trust' word it's so important, of course, an SME wouldn't take advice from an organisation it didn't fundamentally trust. In practical terms Mark, how does a corporate go about building it?

Mark Gaylard: Well, it is founded in having a deep understanding of who the SME is in the first place to make sure that advice that they give is relevant to their sector and relevant to their context. I think it's also important to think about how to make it scalable as well, just because of the sheer number of SMEs that we have in the UK. So, having the right digital platforms and the right collaboration amongst SMEs is also one of the things which is being explored by many big businesses at the moment to be able to ensure they can cost effectively serve SMEs, and to also ensure they've got access to the right advice, either from the business themselves or from other SMEs.

Oli Barrett: As corporates think about scaling these new services, Kim Kim, I am reminded again of this challenge about where the human fits into some of these new services from a banking perspective. Any thoughts about what SMEs really want?

Kim Kim Oon: I think if you look at it being one simple financial products to be able that's tailored to them, to be able to help them manage their day to day businesses. But I also think that, they want things around, for example, introduction to new partners, business partners, which I think banks could have a role to play, because they have a network of a wider ecosystem. So they could help facilitate that partnership as well. And I'm also thinking that the other thing that SMEs would want as well is advice in terms of just basically how to operate better.



Oli Barrett: So this is a very inspiring list building up here. We've got corporates creating insights for SMEs, potentially advising them in new ways, connecting them even. Mark, what else are we going to add to that list of potential?

Mark Gaylard: I think anything, Oli, which increases the digital maturity of the SME. So starting with the basics in terms of e-commerce, but also extending then into other digital services to be able to help with their other processes in, for example, HR in Procurement or in Supply Chain.

Oli Barrett: And finally Kim Kim, as large corporates begin to rethink how they support SMEs, I guess the crucial question is, is the desire and demand there from the SMEs themselves to be supported in these new ways?

Kim Kim Oon: My take is that definitely I do think that there is that opportunity because SMEs, they go to different sources now to kind of, satisfy their needs. But I think there is an opportunity for banks and even other corporations to think about what are the un-met needs in the market that's not served and then how do they kind of, you know, fill that gap to create a win-win relationship?

Oli Barrett: Very interesting. As somebody who works with a large number of small and medium sized enterprises, you have sparked my imagination in so many different directions. Mark, Kim Kim, thank you for joining me.

Kim Kim Oon: Thank you, Oli.

Mark Gaylard: Thanks, Oli.