

# Engaging SMEs in GVCs

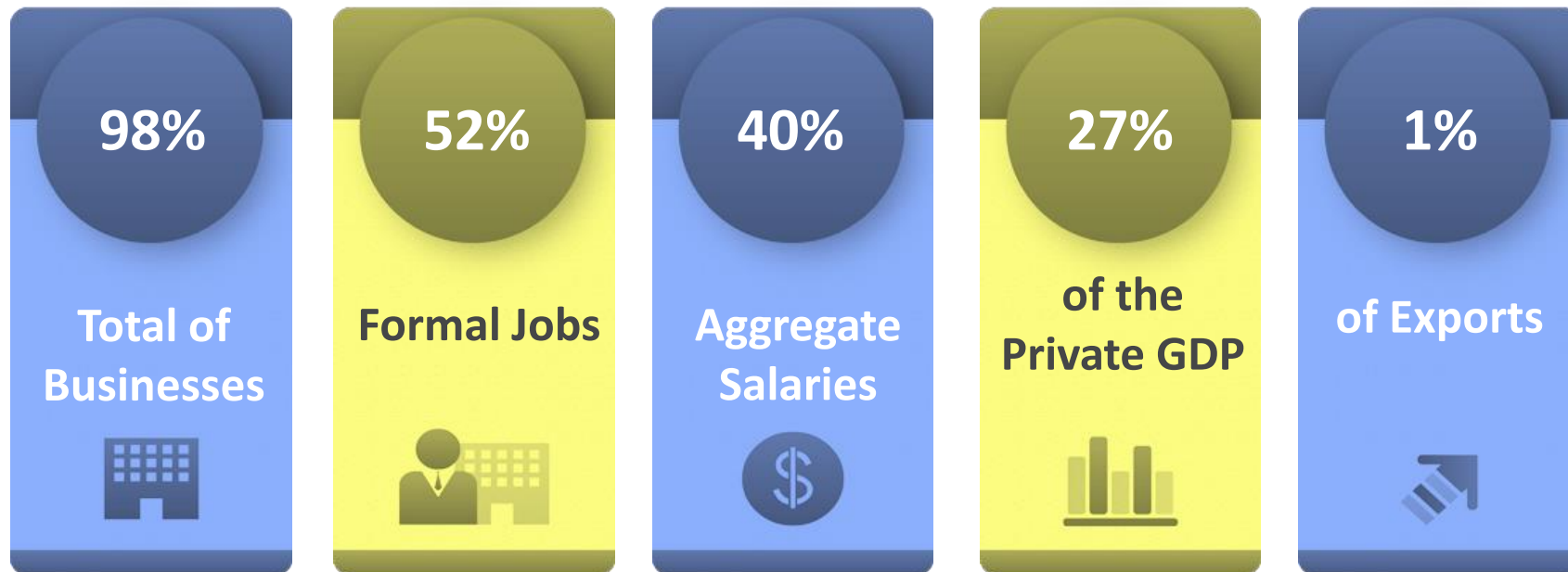
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SEBRAE – Brazilian Micro and Small Business Support Service

# Sebrae: an overview

- Private nonprofit entity for public benefit created in 1972.
- Main revenue source come from compulsory collection of 0.3% of the payroll from Brazilian medium and large businesses.
- Over 700 customer assistance centers throughout the country
- About 2 million businesses assisted per year
- Three main focuses:
  - Business competitiveness
  - Business environment
  - Entrepreneurship fostering

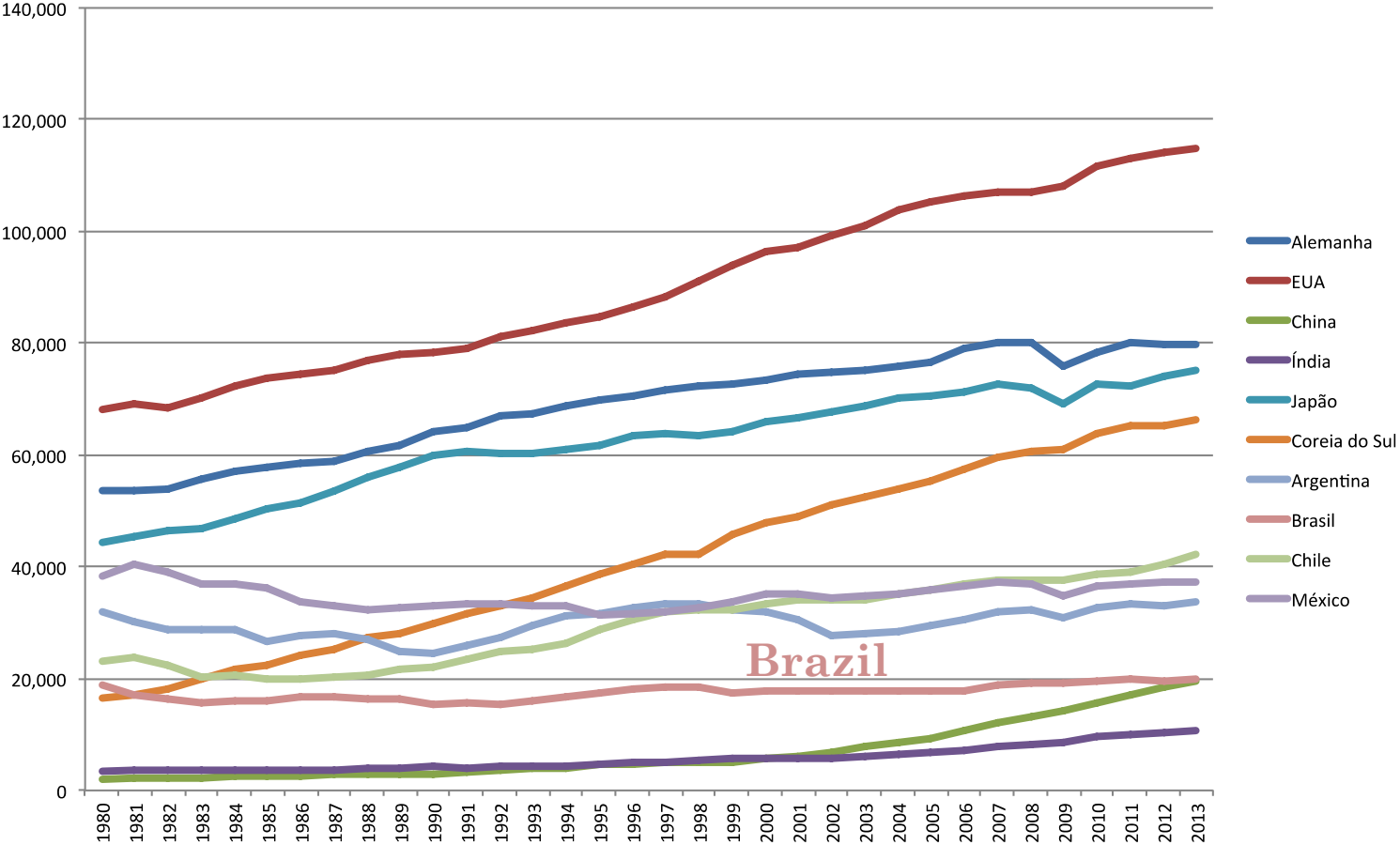
# Brazilian Small Businesses in numbers



# How to engage small businesses in GVCs?

## Challenges:

Labor Productivity – 1980-2013 – in 2013 US\$ per worker

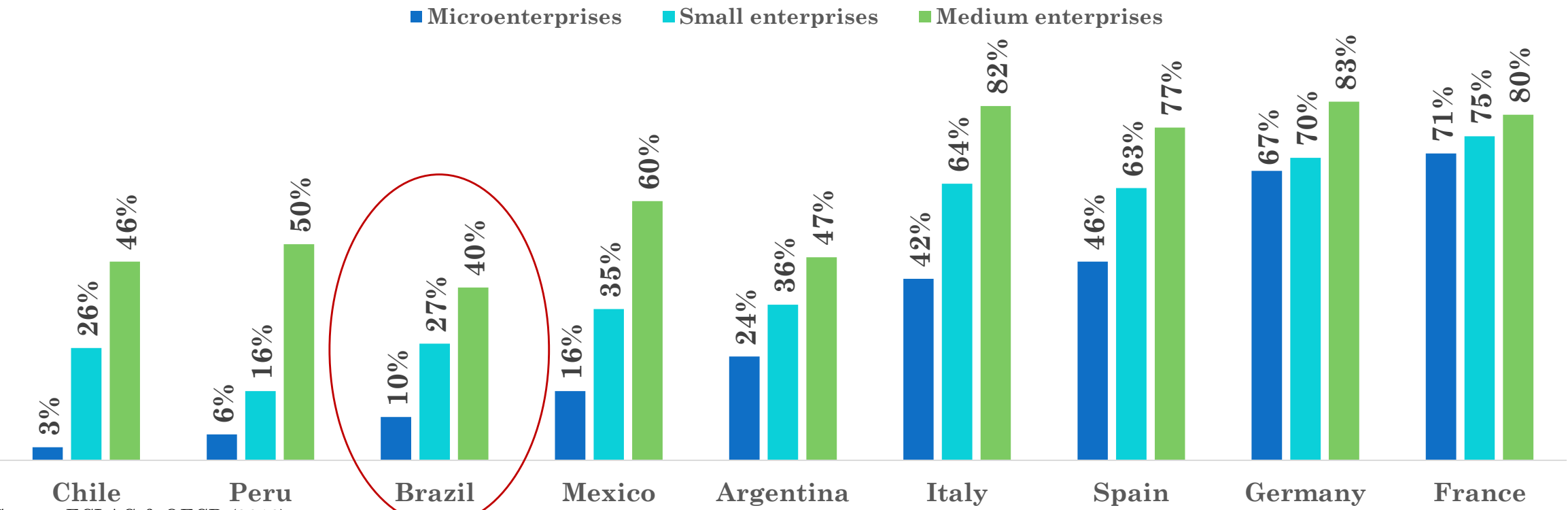


Fonte: The Conference Board, 2014.

# How to engage small businesses in GVCs?

## Challenges:

Average labor productivity relative to the average of large businesses in the country  
(Average labor productivity of large businesses=100%)



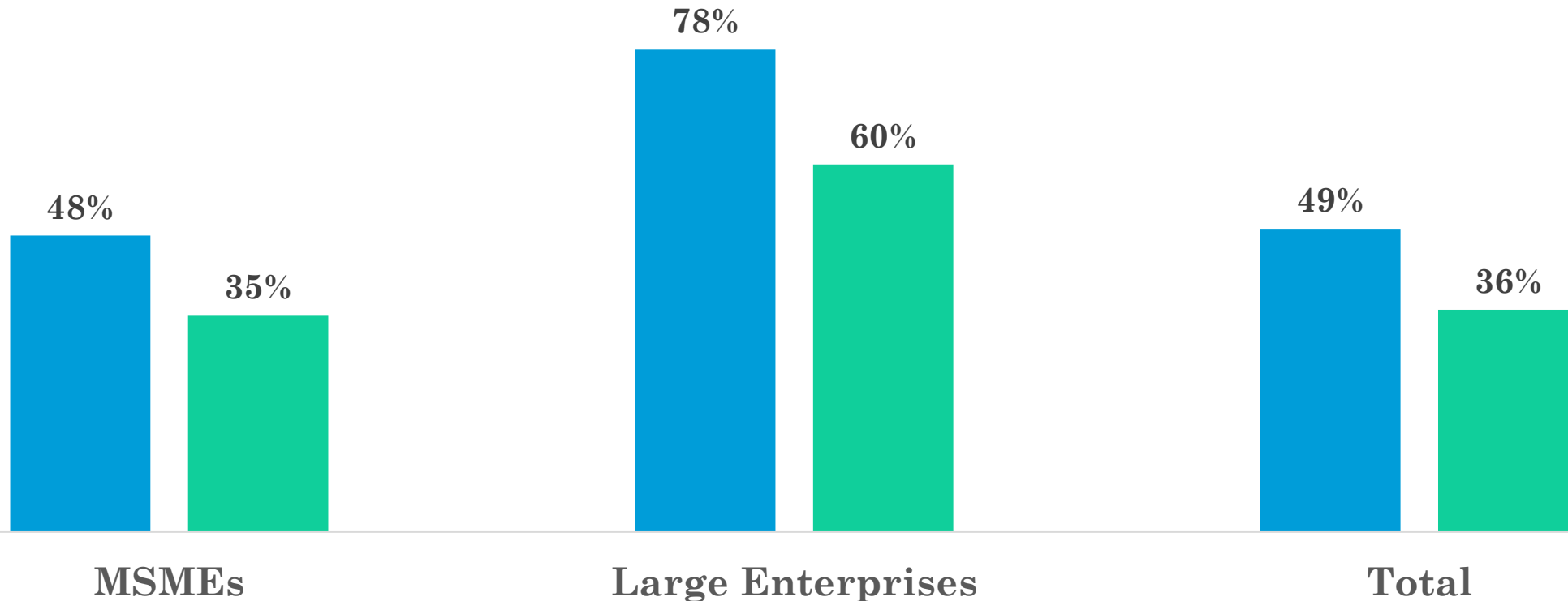
Source: ECLAC & OECD (2012)

# How to engage small businesses in GVCs?

Challenges:

## Percentage of innovative companies

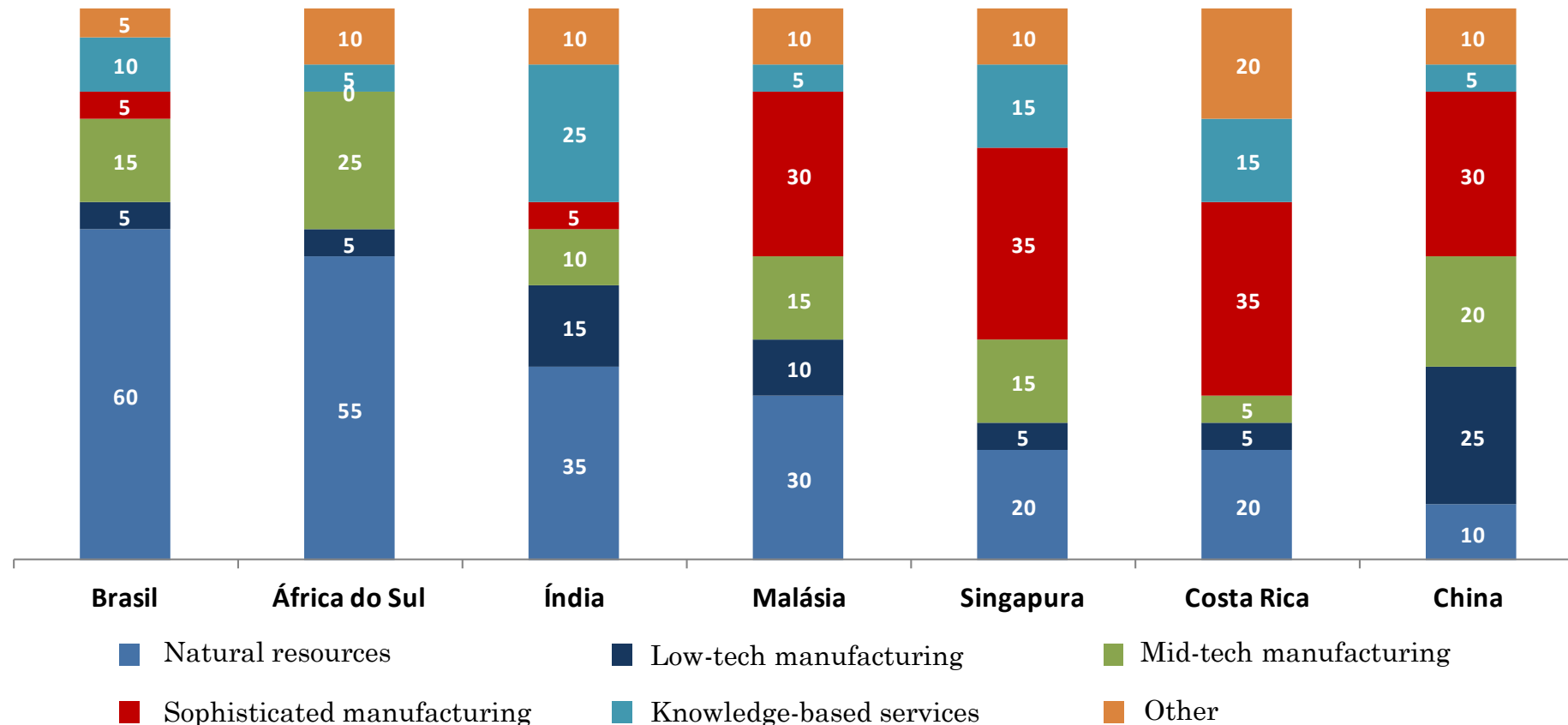
■ Average EU ■ Brazil



# How to engage small businesses in GVCs?

## Challenges:

Participation of selected countries in GVCs (%)



# Which factors can enhance the role of small businesses in GVCs?

- Mapping of opportunities and connecting SMEs to large and medium-sized companies
- Innovation
- Business/management development
- Efficiency improvement
- Niche orientation
- Certifications



# How does Sebrae promote small businesses engagement in GVCs?



**ENCADEAMENTO  
PRODUTIVO  
SEBRAE**

- VIDEO



# ENCADEAMENTO PRODUTIVO SEBRAE





# How does the strategy work?

Identification of opportunities for the development of new products and services based on technological and global market demands (spinoffs)



Differentiation

SME development based on market requirements and access to different value chains promotion



SMEs already engaged in large companies' value chains

Repositioning of SMEs to specific market niches in order to prepare them to engage in large companies' value chains



SMEs with potential to engage in large companies' value chains



# Main results

- 58% of the SMEs registered **productivity growth**
- 66% of them registered **revenue growth**
- 48% of them registered **profitability growth**
- 47% hired **more employees**
- 90% of the anchor companies perceived **quality improvement** from their suppliers
- 70% of the anchor companies started to **buy more** from SMEs



# Main results

In 2016 alone:

- 16 anchor companies
- 2,931 SMEs assisted
  - 13% of them started to sell to the anchor companies because of the program
- R\$ 38,8 mil. (USD 12,3 mil.) invested (by Sebrae and companies)

# Thank you!

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