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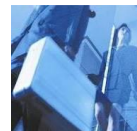
Internationalisation Readiness Composite Index (IRI)

Preliminary Concept Paper

Roger LOO

CONTENT

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1. Introduction

1.1 Background

Internationalisation forms an integral part of the global economy and Singapore is no exception. Local and national economies are becoming increasingly international as a result of new trade agreements and the proliferation of a borderless workforce. Meanwhile, tremendous advancement in information technology has enabled the rapid transfer of business information around the world. Internationalisation in Singapore has grown strongly as suggested by the following facts:

- Total trade augmented by 8.4% per annum from S$361.5 billion to S$810.5 billion between 1996 and 2006

- Total direct investments in and out of Singapore has risen from S$299.3 billion to S$496.2 billion between 2000 and 2005, representing an annual growth of 10.6%

In view of the above, it is important to identify and measure the key elements of internationalisation readiness (IR) from both a policy and economic perspective.

BDO's FAST Internationalisation Readiness Index (hereafter referred to as "IRI") Index is designed around the four key elements:

FACTS (Knowledge, market data, information)

ASSETS (resources, expertise, experience)

STAGE (level of internationalisation)

TACTICS (strategy, market approach)

1.2 Objectives

The proposed IRI endeavours to achieve the following objectives:

- Provide a systematic strategic tool to help industry players enhance their short & long term business planning:
  - o Aid internationalised companies sustain/expand their market outreach via the strategic benchmarking and analysis of their current business strategies
  - o Assist domestic firms (that has yet to internationalise) in augmenting their IR by providing gainful insights on their strengths and weaknesses prior to venturing overseas

- Provide an integrated and comprehensive indicator of IR in various economic sectors and enhance the understanding on the current state of IR in Singapore

- Facilitate government agencies/stakeholders in their strategic policy planning and implementation of robust internationalisation policies for the long-term development of:

- o the various economic sectors of Singapore and;
  - o overall growth of Singapore's external economic wing

- To reinforce Singapore's position as a leading trade hub by establishing the linkages between a robust open-trade regime and the development of the overall business IR

- To provide an overall policy and decision making tool for both inward and outward investments for Singapore

1.3   Literature Review

1.3.1 Local Studies

To be completed.

1.3.2 Foreign Studies

Before developing the proposed IRI, it is vital to understand the existing literature and studies on internationalisation in order to develop a dynamic and comprehensive benchmarking tool for Singapore. Most studies can be categorised into the four categories (Table 1).

Most of these previous studies on internationalisation were undertaken by investigating and analysing specific issues without an eventual translation into a measurement yardstick. (Please refer to Appendix 1 for more details and conclusions of these various studies).

Table 1: Common Types of Internationalisation Studies

Studies	Description/Objective
Case Studies	These studies emphasise on a broad field of subjects. A typical case could describe and analyse the internationalisation path of a particular kind of organisation or firm belonging to a particular industry
Factors	Such studies focus on identifying key factors that influence a firm's internationalisation process. Most studies in this category aim to identify motives and barriers to internationalisation and provide strategic implications/insights to policy makers
Performance	These studies generally aim to derive the successful factors inherent in firms that successfully ventured overseas
Profile	These studies develop the profile and characteristics of internationally active firms vis-à-vis their domestic SME's. They select a chosen set of indicators as proxies in identifying the success factors of internationalisation

Source: Marie Brechbuhler Peskova, "Internationalization of Swiss SMEs: State, Performance and Influencing Factors". University of Fribourg (Switzerland), Faculty of Economics and Social Sciences. October 2006.

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2. BDO FAST Model

2.1   The FAST Model

Having analysed previous internationalisation and related studies, we propose a pioneering IR index to measure and benchmark the key elements of IR in Singapore via the following objectives:

- Facilitates the benchmarking of IR in individual companies by identifying their strengths and weakness relative to its peers within the same industry

- Provide policy makers with a robust benchmarking tool in shaping their long-term strategic development of the various economic sectors in Singapore

- Highlight best practices and success factors in organisations that have successfully internationalised

- Analyse key drivers/barriers that drives/impedes upon the internationalisation process in Singapore

- Identify and address individual company's key gaps to be bridged in meeting their internationalisation goals

Table 2 provides an overview of the FAST IR index.

Table 2: Overview of the FAST Framework

Component	Definition
FACTS	Evaluates the level of knowledge an organisation possesses in terms of the following: • Global trends and markets • Consumer knowledge • Competitor intelligence • Market environment • Market entry and planning
ASSETS	Analyses the current state of resource availability and internal competencies via the following: • Human resources • Finances and access to funding • Marketing and distribution • Product and service efficacy • Innovation and R&D • Intellectual property • Technology
STAGE	Assesses the organisation's stage of involvement in foreign markets in terms of the following: • Internationalisation modes and extent • Motives and reasons for internationalisation • Drivers and Barriers to internationalisation
TACTICS	Measures the level of strategic efficacy within the organisation based on the following issues: • Corporate strategy • Market positioning • Market research

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2.2 Benefits of FAST

The benefits of the FAST model are summarised in Table 3.

Table 3: Benefits in Using the FAST Framework

Advantage	Summary
Dynamic	The proposed FAST IRI provides a simple and dynamic measurement yardstick on the IR level within the various economic sectors of Singapore over time.
Interactive	It incorporates and attempts to measure organisation factors such as knowledge and strategy. They provide gainful insights for policy planning and implementation to enhance the overall IR level within the republic
Efficient	Individual components can be isolated and analysed. It allows industry and policy stakeholders to identify the relative contribution of both "broad and narrow" indicators in determining their own specific company strengths and weaknesses

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2.3   Methodology

Figure 1: Overview of Deriving Singapore's Level of IR

Level 1: Overall IR of Singapore

Business Services IR Score

Infocomm Technology IR

Retail and Lifestyle IR Score

Electronics and Precision IR Score

Singapore IR Score

Environmental Sciences IR Score

Infrastructure Services IR Score

Transport and Logistics IR Score

Objective
To measure the level of overall IR in Singapore for international benchmarking purposes and, streamline top-level policy decision making.
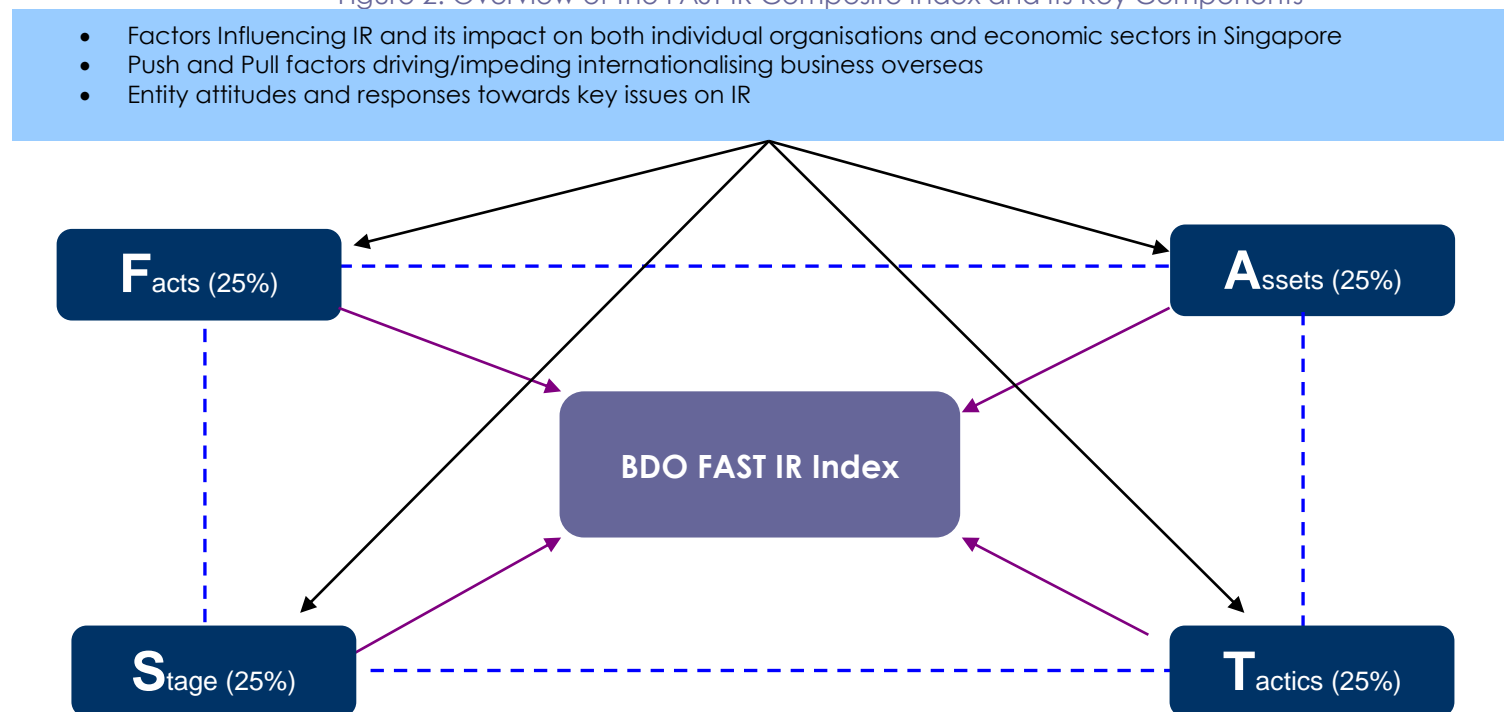
Methodology
The total IR score in Singapore is estimated as the weighted average of each respective sector's IR score (IRS_i). The weight of each sector (WS_i) is defined as its Gross Domestic Product (GDP) expressed a percentage of the sum of all GDP of all sectors to be included in our proposed survey.

$$\text{Singapore IR Score} = Ws_1IRS_1 + Ws_2IRS_2 + Ws_3IRS_3 + Ws_4IRS_4 + Ws_5IRS_5 + W_6IRS_6 + W_7IRS_7 + Ws_8IRS_8$$

Level 2: IR Level in Economic Sectors

Entity 1 IR Score

Entity 4 IR Score

Entity 6 IR Score

Entity 2 IR Score

Sector IR Score

Entity 7 IR Score

Entity 3 IR Score

Entity 5 IR Score

Entity 8 IR Score

Objective
To measure the IR level of each economic sector in Singapore. A well-stratified sample will be selected to obtain a representative composition of the large, medium and small enterprises within each respective sector.

Methodology
Each economic sector's IR score is estimated as the weighted average of each company's IR score$_j$. The weight of each entity (We_j) is defined as its turnover expressed as a percentage of the total sales in all sample firms included in the proposed survey.

$$\text{Retail Sector IR Score} = We_1IRE_1 + We_2IRE_2 + We_3IRE_3 + We_4IRE_4 + We_5IRE_5 + We_6IRE_6 + W_7IRE_7 + We_8IRE_8$$

Level 3: IR of Individual Organisations

F_{acts}

T_{actics}

Organisation IR Score

A_{sset}

S_{tage}

Objective
To measure the IR level in the individual companies belonging to each economic sector.

Methodology
The total IR score for each respective company is the aggregation of its four sub-index scores.

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2.3.1   Key Components and Proposed Indicators

We leveraged on existing available literature and studies on internationalisation that may be relevant to Singapore. Also, indicators from other internationalisation studies that we espouse are relevant to Singapore's economy and needs are also incorporated. A draft questionnaire (See Appendix 2 for details) has been formulated to facilitate meaningful discussions amongst both project collaborators and industry stakeholders.[1] For the purpose of this paper, each of the four FAST components is initially weighted 25% each (Figure 2). It should be strictly noted that these weights are only preliminary and will be refined to reflect the industry dynamics via further primary and secondary research obtained from industry stakeholder surveys and discussion sessions.[2]
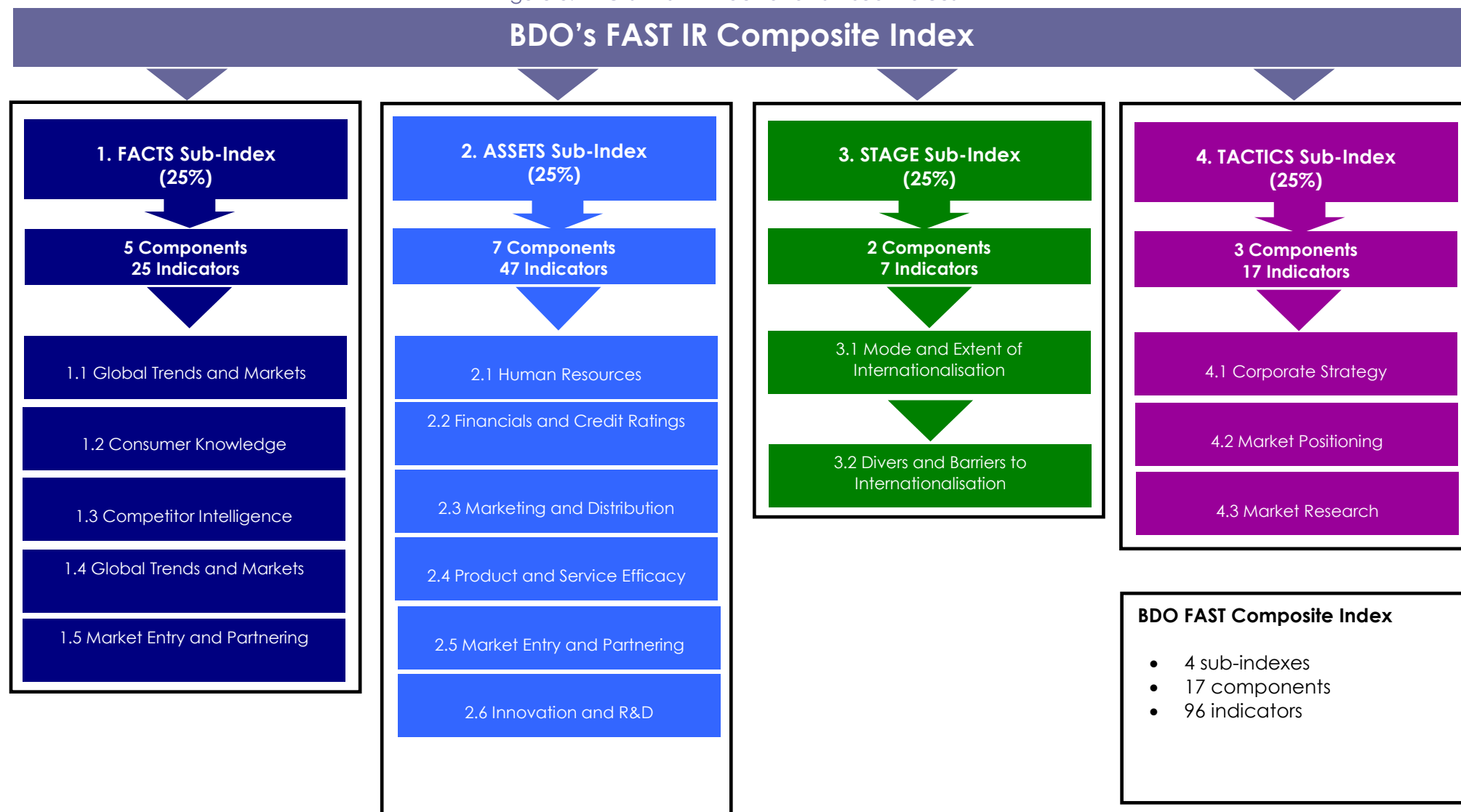
Figure 2: Overview of the FAST IR Composite Index and its Key Components

- Factors Influencing IR and its impact on both individual organisations and economic sectors in Singapore
- Push and Pull factors driving/impeding internationalising business overseas
- Entity attitudes and responses towards key issues on IR

Facts (25%)

Assets (25%)

BDO FAST IR Index

Stage (25%)

Tactics (25%)

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[1] A revised questionnaire will be developed after further discussions with both IE Singapore and DP information Group. Thereafter, it will be subjected to pilot testing with industry stakeholders and finalised before the commencement of the nation-wide IR survey. Please see proposed scope of work in Section 4 for more details.
[2] The final weights for each sub-index will be derived after obtaining feedback from the industry stakeholders during the industry pilot test.

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Figure 3: BDO's FAST IR Index and its 4 Sub-Indices

BDO's FAST IR Composite Index

1. FACTS Sub-Index (25%)	2. ASSETS Sub-Index (25%)	3. STAGE Sub-Index (25%)	4. TACTICS Sub-Index (25%)
5 Components 25 Indicators	**7 Components 47 Indicators**	**2 Components 7 Indicators**	**3 Components 17 Indicators**
1.1 Global Trends and Markets	2.1 Human Resources	3.1 Mode and Extent of Internationalisation	4.1 Corporate Strategy
1.2 Consumer Knowledge	2.2 Financials and Credit Ratings	3.2 Divers and Barriers to Internationalisation	4.2 Market Positioning
1.3 Competitor Intelligence	2.3 Marketing and Distribution		4.3 Market Research
1.4 Global Trends and Markets	2.4 Product and Service Efficacy		
1.5 Market Entry and Partnering	2.5 Market Entry and Partnering		
	2.6 Innovation and R&D		

BDO FAST Composite Index

- 4 sub-indexes
- 17 components
- 96 indicators

Illustrative indicators for each of the four sub-indices are listed below.[3]

1.   Facts

This refers to extent of knowledge residing in a respondent's organisation. Similar to the tactics sub-index, a positive relationship is postulated between the inherent knowledge within an organisation and its ability to successfully venture overseas. There are a total of 5 components. Indicators include:

a.   Global Trends and Markets

- Knowledge of global trends and changes in the business environment that directly relates to the respondent's industry
- Knowledge of key developments and milestones in the top international companies overseas that relates to the respondent's industry

b.   Consumer Knowledge

- Knowledge of immediate customers
- Knowledge on end-product users and customers

c.   Competitor Intelligence

- Number, market share and size of direct and indirect competitors
- Strengths and weaknesses of direct and indirect competitors

d.   Market Environment

- Current and past GDP, inflation, and forecasted key macroeconomic indicators in target markets
- Key economic and political climate in target markets within the next 3 to 5 years

e.   Market Entry and Partnering

- Types of market entry modes (e.g. distribution, joint ventures, agency, subsidiary, etc) and ability to select a suitable entry mode
- Types of sales and distribution channels available and ability to choose suitable channels

2.   Assets

In the broadest sense, this refers to the magnitude of resources that is available to the company for e.g. human, financial, intellectual and technological assets. The greater the resource pool, the higher the level of IR an organisation can achieve through their usage. It is measured by the following factors:

a.   Human Resources

- Employee strength
- Senior management's ability and experience in international networking
- Organisation culture and training

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[3] The above-mentioned indicators are meant as a summary of the key issues to be covered in the questionnaire. Please see IR survey questionnaire in Appendix 2 for further details.

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b. Financials and Access to Funding

- Level of turnover and net profit
- Financial credit rating

c. Marketing and Distribution

- Marketing and sales experience and skills of personnel
- Customer service, satisfaction and relationship management

d. Product and Service Process Efficacy

- Production processes, organisation, productivity and efficiency
- Quality management and product testing

e. Innovation and R&D

- 3 main products/services produced by your company and its financial contribution
- Level of innovation in organisation

f. Intellectual Property

- Types of intellectual property used in organisation
- Level at which your organisation's key products/services can be easily copied or imitated by competitors

g. Technology

- What usage does your company make of computers
- What extent does your company use the ERP system

3. Stage

This refers to the level of foreign interaction and involvement a company has with the international markets. It examines both drivers/barriers that enhances/impedes a company's IR. We opine that an organisation with an established international presence or vast experience in dealing with overseas markets would have an advantageous position. It is represented by the following:

a. Internationalisation Modes and its Extent

- Degree of foreign sales
- Proportion of foreign customers

b. Drivers and Barriers to Internationalisation

- Drivers to Internationalisation
- Barriers to internationalisation

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4. Tactics

This refers to the measurement of the strategic planning and execution abilities in an organisation. A positive relationship is postulated between the strength of an organisation's strategic planning, execution abilities and its eventual translation into viable action plans. The following issues below are examined:

a.   Corporate Strategy

- Existence of well-defined business plan
- Ability to translate new ideas into actions and implement them

b.   Market Positioning

- Knowledge or areas where your company is better than the market competition by possessing superior competencies
- Ability to define a clear superior customer benefit for your current/intended international customers

c.   Market Research

- Knowledge level in using market research skills

2.3.2 Numerical Procedures

1.   Indicator Standardisation

Two methods are recommended for converting the raw data (absolute data) of the questionnaire into standardised scores and are described in detail below.[4]

a.   Human Development Index (HDI) Method

This measures the ratio of the difference between the value of an organisation and the minimum value in the sector sample to the difference between the maximum and minimum values within the sample. Essentially, the maximum value carries a score of 1, whereas the organisation with the minimum value is assigned a zero score. Thereafter, the remaining organisations have scores that reflect their relative indicator value above that of the minimum as a proportion of the maximum difference in the group. The formula is given as:

$$\text{HDI score} = \frac{\text{Indicator} - \text{Minimum}}{\text{Maximum} - \text{Minimum}}$$

Where:
- Indicator denotes the value for that sample respondent
- Minimum is the lowest value of the indicator among the sample organisations in a sector
- Maximum is the highest value of the indicator among the sample organisations in a sector

b.   Standard Deviation (SD) Method

It converts an individual indicator's raw value to a logarithmic basis via the following steps:

a.   Determining Standard Deviation

The standard deviation for each indicator is calculated using the formula below:

$$s = \sqrt{\frac{n\sum x^2 - (\sum x)^2}{n^2}}$$

Where:
- x is the indicator value
- *n* is the number of data points in the indicator series

b.   Conversion to Standardised Scores

The standardised values (STD) for each organisation's indicators are computed using the following formula:

$$STD_i = (x_i - \bar{x})/s$$

Where:
- I = indicator value of organisation i

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[4] Standardisation is only required on converting absolute data levels into a measurable scale. Using the HDI as an example, this could be used to standardise the absolute turnover levels of the individual organisations belonging to each industry within a survey sample. Conversely, questionnaire indicators that utilises the same scoring system such as the "rating of senior management experience" form a 1-5 scale requires no conversion. The difference between the HDI and SD method is the former is a linear standardisation while the latter is based on a logarithmic approach.

- $\bar{x}$ = average indicator value of all organisations in sector sample
- S = standard deviation
- STDi = standardised value for organisation i

c. Conversion to Z Scores

The next step is to convert the STDs into ratings (Z_i) from 1 to 100 using a logarithmic transformation function as follows:

$$Z_i = \{e^{STD_i}/(1+e^{STD_i})\}*100$$

Where;
- *e = natural logarithmic base with a constant value of 2.7182*

The standardised scores are transformed into indicator indices relative to the benchmarked company with its index set at a base value of 100 via the formula below:

$R_i = Z_i/Z_{si}*100$

Where:
- Z_{si} = Organisation's i Z score

2. Index Score Aggregation

After the indicators in the questionnaire for each respective company have been standardised, the total IR score is the sum of the 4 sub-indices.

Facts	Sub-Index	A
Assets	Sub-Index	B
Stage	Sub-Index	C
Tactics	Sub-Index	D
Total FAST score = A + B + C + D		

3. Model Application

The FAST IR index has three main applications as proposed below:

- Entity Benchmarking

- Sector Benchmarking, Analysis and Planning

- National and International Benchmarking

3.1 Entity Benchmarking

At the entity level, the index enables the individual industry stakeholders to track, analyse and benchmark their firm performance and IR vis-à-vis other competitors within the same industry. This is possible via the various key IR components within an organisation in terms of its facts, assets, stage and tactics (Figure 4). Thereafter, they will be able to reflect upon what their key strengths and weaknesses are and develop/implement effective solutions to address them.

Figure 4: Organisation A versus Sector Leader and Average
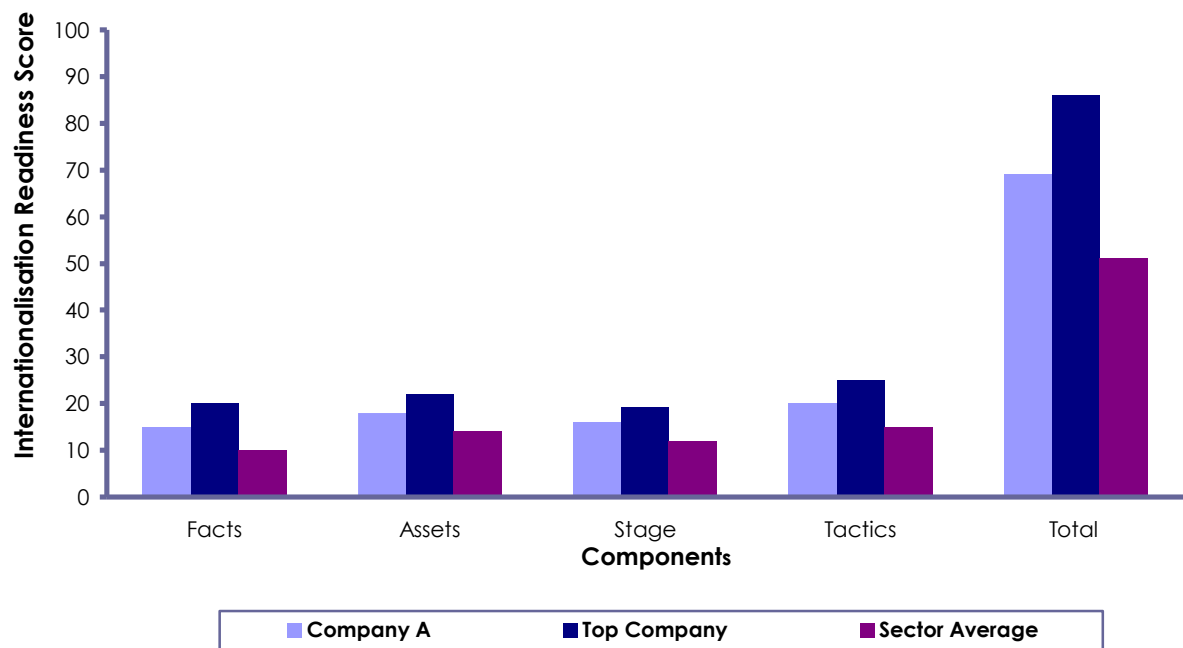
Phase 1: Entity Owners

- How did my company perform against the best firm in my own industry?
- What are the strengths/gaps my company should exploit/address vis-à-vis my competitors?
- How does my company performance compare with industry norms?

3.2   Sector Benchmarking

Government policy planners will be able to effectively isolate and identify the different IR components influencing the performance of the various economic sectors in Singapore. Comparisons could be made across sectors with plausible reasons for the variation in results across them (Table 4). This enables various government agencies to ascertain the challenges faced and formulate specific polices to enhance the overall IR level in Singapore.

Table 4: Summary of IR Index Score in Selected Economic Sectors in Singapore

IR Weighted Average Index Scores for Selected Economic Sectors in Singapore *(Illustrative purposes only)*			
Economic Sector	**Business Services Sector**	**Infocomm Technology Sector**	**Infrastructure Services Sector**	**National Average**
Facts (25%)	15	20	13	14
Assets (25%)	20	11	12	14
Stage (25%)	17	19	17	16
Tactics (25%)	16	15	10	16
Sector Total (100%)	**68**	**65**	**52**	**60**

Phase 2: Policy Planners/Industry Associations

- How does the various economic sectors compare to each other in terms of its IR?
- What are the plausible reasons for the variances in results across the various sectors in Singapore?
- What are the necessary strategic policies required to enhance the various key components of IR within the sectors under the purview of various ministries and statutory boards in Singapore?
- Which sectors are more ready for internationalisation and what are the reasons and strategic implications?

3.3 Regional/International Benchmarking

Upon the success of the inaugural IR study in Singapore, we propose the same to be conducted annually (Figure 5). Additionally, we shall invite other countries to participate in the study via our network of BDO member firms. These potential international studies would adopt the same methodology to provide meaningful cross-border comparisons between Singapore and its competitors

Figure 5: Singapore's Overall IR versus Regional Competitors, 2009-2014
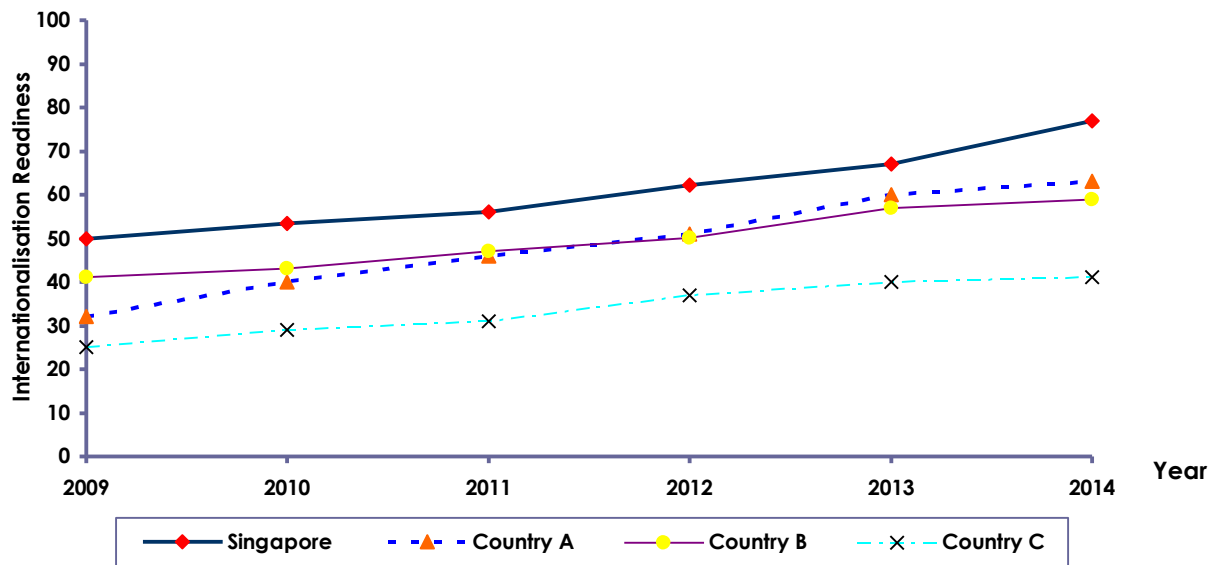
Note: The timeframe suggested in Figure 5 above is based on the success of both the proposed pilot test and nation-wide survey in Singapore for the year 2009. Once the primary objectives in Singapore are met, we propose to conduct the surveys in neighbouring countries such as Malaysia and Thailand

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Phase 3: Regional and International Governments

- How does the overall IR level in Singapore compare against other nations?
- What are the reasons for the variances in results between countries?
- What are the best practices that Singapore can learn and adopt from our competitors in terms of its IR?
- Where are the gaps that Singapore should address after comparison?

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4. Proposed Scope of Work

BDO's proposed scope of work is summarised below and addresses only the activities required to derive the overall IR index score in Singapore.

PHASE 1: CONCEPTUAL DEVELOPMENT AND EXPLORATORY RESEARCH

Phase 1a: Define Project Scope with IE Singapore and DP Information Group and Improve

Phase 1b: Execute Pilot Test, Obtain Feedback and Preliminary Results from Industry

Phase 1c: Finalisation of Index and Survey Questionnaire

PHASE 2: EXECUTION OF NATION-WIDE INTERNATIONALISATION READINESS SURVEY

Phase 2a: Selection of Sample Size and Respondents

Phase 2b: Execution of Nation-Wide IR Survey

PHASE 3: DATA COLLATION AND STRATEGIC ANALYSIS

Phase 3a: Collation and Analysis of Data

Phase 3b: Evaluate the state of IR in Various Economic Sectors

Phase 3c: Formulate Key Recommendations and Conduct Fieldwork Debrief to Enhance Future Data Collection Procedures

PHASE 4: REPORT WRITING AND MANAGEMENT PRESENTATION

Phase 4a: Develop IR Report for IE Singapore

Phase 4b: Management Presentation and Press Release

4.1 - PHASE 1: Conceptual Development and Exploratory Research

Phase 1a: Define Project Scope with IE Singapore and DP Information Group and Improve Index/Questionnaire

1. BDO will discuss with the project teams of IE Singapore and DP Information Group on the pertinent issues of this study

2. BDO will provide a comprehensive IR index concept paper and questionnaire for inputs and feedback from IE Singapore and DP Information Group

3. The IR index concept paper and questionnaire will be revised after feedback and inputs from IE Singapore and DP Information Group. Key issues could include
   - Objective and coverage of the overall proposed IR study
   - Scope and extent of the proposed pilot and nation-wide studies
   - Improvisations to key topics in the questionnaire

Phase 1b: Execute Pilot Test, Obtain Feedback and Preliminary Results from Industry

1. In this stage, BDO proposes to conduct a pilot test in order to test the validity and robustness of the proposed FAST IR index model and survey questionnaire. The key objectives include:
   - Obtaining feedback and acceptance from industry stakeholders
   - Test run the questionnaire in terms of user friendliness and validity to identify areas for improvements
   - Obtaining inputs on the importance and weights of the key IR components

2. We suggest a pilot test of 84 respondents from the seven major economic sectors in Singapore as listed below:

IE Economic Sector	Proposed Sample Size	Trial Sector Composition	
1. Business Services	12		
2. Electronics and Precision Engineering	12		
3. Environmental Services	12	**Local**	**Foreign**
4. Infocomm Technology	12	Large Organisation (4)	Large organisation (4)
5. Infrastructure Services	12	Medium organisation (4)	Medium organisation (4)
6. Retail and Lifestyle Services	12	Small organisation (4)	Small organisation (4)
7. Transport and Logistics	12		
Total	**84**		

*.The seven clusters are based on IE Singapore's portfolio where its key objective is to help these Singapore-based companies within these industries to develop their presence outside Singapore.

Phase 1c: Finalisation of Index and Survey Questionnaire

1.   In this stage, BDO would finalise the index parameters and the survey questionnaire subject to final inputs and agreement from both IE Singapore prior to Phase 2
     ▪   BDO will provide a summary of each pilot test
     ▪   BDO will prepare a summary report of the pilot test

4.2 - PHASE 2: Execution of Nation-Wide IR Survey

Phase 2a: Selection of Sample Size and Respondents

1. BDO will develop a representative sample frame for the nation-wide survey.

2. The survey is proposed to be conducted online.

3. We propose to leverage on DP's Singapore SME 500 and International 100 company list and its available databases wherever necessary. We may also utilise IE Singapore's internal databases to expedite in obtaining the proposed 1,050 sample respondents (7 x 150 per sector).

Economic Sector	Small	Medium	Large	Custer[5]
	Proposed Turnover Stratification			
	>S$0.5m<S$50m	S$50m<S$300m	>S$300m	
1. Business Services	50	50	50	150
2. Electronics and Precision Engineering	50	50	50	150
3. Environmental Services	50	50	50	150
4. Infocomm Technology	50	50	50	150
5. Infrastructure Services	50	50	50	150
6.Retail and Lifestyle Services	50	50	50	150
7.Transport and Logistics	50	50	50	150
Total	**350**	**350**	**350**	**1,050**

4. To enhance the overall sample list of the companies required for the national survey, BDO will endeavour and exhaust all means within its network to obtain the supplementary data to compare and verify for the reasonableness of data gathered from primary sources. Some secondary sources include:
   - Government official statistics
   - Company annual reports and publications
   - Credit bureaus
   - Media releases and newspapers
   - Magazines and industry papers
   - Academic journals and articles
   - Prior interviews and surveys with industry players

5. Targeted respondents for the survey must be a senior person that is conversant on the long-term strategic development and process within the organisation to assist completing the questionnaire. The person could be
   - Chief Executive Officer (CEO)
   - Chief Operating Officer (COO)
   - Director of Strategic Planning Department

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[5] This is only the initial proposed sample size. It could be refined after further discussions with IE Singapore on their specific needs and also understanding the relative importance and overall strategic plans for each vector under consideration.

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Phase 2b: Execution of Nation-Wide IR Survey

1. BDO will set up the online questionnaire with email invitations to be sent to the selected respondents. Adequate instructions will be provided to aid the respondent in filling up the questionnaire

2. The survey must be able to gather essential information from the targeted respondents. The following measures are suggested to enhance survey response:
    ▪ Co-invitation with IE Singapore and DP Information Group for the survey
    ▪ Close follow-up by phone/emails on a weekly basis to encourage participation
    ▪ Commit to a sanitised executive summary of the key findings for each respondent. (The questionnaire/interview guide should include topics of interest relevant to the respondents)
    ▪ Provide a token of gift in appreciation for the respondent's time (if appropriate)
    ▪ Leverage on existing business contacts via IE Singapore, DP Information Group, BDO and other industry stakeholders

3. The online survey will be supplemented with phone calls (if necessary) for key respondents from large companies to engage in meaningful discussions. Calls will also be made to these respondents for the following reasons:
    ▪ Follow-up actions for non and/or late responses
    ▪ Address outstanding issues

4. BDO will provide the necessary training sessions to ensure that the phone interviewers conducting all liaison and follow-up actions are well-equipped in dealing with the needs of the proposed respondents

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4.3 - PHASE 3: Data Collation and Strategic Analysis

Phase 3a: Collation and Analysis of Research Data

1. Collate, validate and analyse findings gathered from Phases 1 and 2 of the project

2. Perform in-depth analysis of the survey information for each economic sector via SPSS (wherever necessary) according to standard industry practices. It highlights and analyses key issues using both descriptive and bivariate statistics below:

SPSS Statistics	
Descriptive	**Bivariate**
Frequency	T-Test
Cross-Tab	Chi-Square Test
Average	ANOVA

Note:
Descriptive statistics will be provided to describe and summarise the data collected from the sample for e.g. frequency, sample cross-tabs and average values. This provides a holistic overview of the IR level in the various economic sectors. Correspondingly, a set of bivariate statistics will also be generated to analyse and understand the relationship between two or more variables for e.g. evaluating the mean score relationship between large and small firms). Hence users will understand the various factors affecting the state of IR in the particular economic sectors in the study.

Phase 3b: Evaluate the State of IR in the Various Economic Sectors and highlight Key Findings

1. Identify key similarities and differences in the level of IR among the various economic sectors and highlight plausible reasons for the results obtained

2. Identify and analyse key issues that will be of interest to IE Singapore and industry stakeholders on the long-term IR objectives for the republic
   - Analysis of the sectors and their overall IR results
   - Common challenges encountered in enhancing IR level of individual businesses
   - Highlight and analyse similarities and differences in performance in each of the four FAST sub-indices
   - Key focal points for policy planning and strategic development for IE Singapore

Phase 3c: Formulate Key Recommendations with Fieldwork Debrief to Enhance Future Data Collection Procedures

1. Present preliminary findings to IE Singapore's senior management and obtain their feedback before the finalisation of results. After approval, these recommendations will be incorporated into the final report in Phase 4. Key areas may include:
   - State of IR of the Singapore economy and its sectors
   - Reasons for similarities and differences in sector results and their various IR trends
   - Common challenges faced in enhancing IR level of individual businesses in Singapore and viable strategies to overcome them

2. Provide fieldwork debrief to achieve the following objectives:
   - Key challenges during the course of the project and lessons acquired
   - Recommendations on improvements to data collection processes and enhancement to future fieldwork

4.4 - PHASE 4: Report Writing and Management Presentation

Phase 4a: Develop IR Report for IE Singapore

1. Develop concise report for IE on the state of IR in the various economic sectors. It encompasses the following issues:
    -   Level of IR in the Singapore economy and its key economic sectors
    -   Similarities and differences in sector results and trends
    -   Common challenges faced in enhancing IR in individual businesses and viable strategies to overcome them

Phase 4b: Management Presentation and Press Release

1. Develop PowerPoint slides and present overall findings to the management of IE Singapore

2. Develop summary reports and articles for press and media release/coverage

5. Study Deliverables

<div style="background-color:#6666aa; color:white; text-align:center; font-weight:bold;">KEY DELIVERABLES</div>

Phase 1:
- IR Index concept paper
- Finalised IR questionnaire for nation-wide survey
- Pilot test summary report

Phase 2:
- Survey raw data;
- Completed survey questionnaires for the targeted respondents in each economic sector

Phase 3:
- Individual sector IR reports that address the following:
    - State of IR
    - Highlight and analyse similarities and differences in findings. Cross tabulation results among various categories of organisations in each sector sample for e.g.
        - I. Local versus foreign
        - II. Large versus small
    - Key challenges encountered in enhancing the IR of individual business in each sector
    - Recommendations on viable strategies to facilitate strategic planning in enhancing IR for each sector
- Final report
    - State of IR of the Singapore economy and its key sectors
    - Similarities and differences in sector results and plausible explanations
    - Common challenges faced in enhancing IR level of individual businesses across the different sectors in Singapore
    - Recommendations and viable strategies on enhancing IR in Singapore

Phase 4:
- Finalised IR report in Singapore
- PowerPoint slides based on the overall report findings
- Summary reports for press and media releases

6. Estimated Timeline

The total estimated timeline for the project is dependent on the various scenarios represented by the Table below.

Activity/Time		Month 1				Month 2				Month 3				Month 4				Month 5				Month 6				Month 7				Month 8			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
PHASE 1 **Conceptual Development and Exploratory Research**	a. Define Project Scope with IE Singapore and DP Information Group and Improvise Index/Questionnaire	█																															
	b. Execute Pilot Test, Obtain Feedback and Preliminary Results from industry		█	█	█	█																											
	c. Finalisation of Index and Survey Questionnaire					█																											
PHASE 2 **Execution of National-Wide IR Survey**	a. Selection of Sample Size and Respondents						█																										
	b. Execution of Nation-Wide IR Survey							█	█	█	█	█	█	█	█	█	█	█	█	█	█												
PHASE 3 **Data Collation and Strategic Analysis**	a. Collation and Analysis of Research Data																					█	█	█	█								
	b. Evaluate the State of IR in the Various Economic Sectors																									█	█						
	c. Formulate Key Recommendations with Fieldwork Debrief to Enhance Future Data Collection Procedures																											█	█				
PHASE 4 **Report Writing and Management Presentation**	a. Develop IR Report for IE Singapore																													█	█		
	b. Management Presentation and Press																													█	█	█	█

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7. Project Funding

The total costs projected for this project is **S$200,000 (Singapore Dollars Two Hundred Thousand)** excluding Goods and Services Tax (GST) and out-of-pocket expenses.

Fee Breakdown

The breakdown of the above fee is:

Description	Project Director	Project Manager	Consultant	Fee (S$)	% of Total Fee
Rate/Man-Hour	S$ 300	S$200	S$100		
			Number of Man-Hours		
PHASE 1 Conceptual Development and Exploratory Research	17	43	63	20,000	10%
PHASE 2 Execution of National-Wide IR Survey	44	308	492	124,000	62%
PHASE 3 Data Collation and Strategic Analysis	16	65	97	27,500	14%
PHASE 4 Report Writing and Management Presentation	11	64	124	28,500	14%
TOTAL	**88**	**480**	**776**	**200,000**	**100%**

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8.   Roles and Responsibilities

DP Information Group and BDOC will jointly execute the proposed project. The roles and responsibilities pertaining to each party are summarised below.[6]

8.1   IE Singapore

The suggested roles for IE Singapore are:

- Provide support and funding for the proposed project
- Endorse the project as part of the working committee and receive constant updates from DP Information Group and BDOC

8.2   DP Information Group

DP Information Group's roles are:

- Conduct the pilot test and national survey via both online/face to face surveys and collect the necessary data for the targeted respondents in each economic sector
- Undertake survey statistical testing to analyse and validate for similarities and differences in the IR levels of the sectors under study
- Develop the statistical reports for the individual sectors after the index scores for the companies and sectors have been formulated by BDOC
- Provide a liaison officer during the course of the study to coordinate overall project execution with BDOC

8.3   BDOC

BDOC's key tasks are:

- Develop the FAST IR composite index and the necessary survey instrument the pilot test and revise/finalise it for the national survey
- Measure the IR of the various organisations, economic sectors and the overall economy of Singapore based on the FAST IR composite index. This is after DP Information Group have completed the online surveys across the different economic sectors
- Develop individual sector and consolidated report for the various economic sectors and Singapore's economy. Preliminary issues could include:
    - ✓ IR index score of the individual organisations and various sectors
    - ✓ Plausible reasons for similarities
    - ✓ Which sectors are more ready to internationalise than others?
    - ✓ Strategic insights and policy implications
- Provide a liaison officer during the course of the study to coordinate and expedite the overall project execution with DP Information Group

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[6] Please note that these are only preliminary roles and will be revised after further discussions with all parties involved i.e. IE Singapore, DP Information Network and BDO.

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Appendix 1 – Literature Review

A1.1 Factor Studies

Internal Push Factors

- Possibility of achieving economies of scale
- International partner
- Innovative products or service offering
- Superior process
- Highly skilled labour force

External Push Factors

- Competitor's or customer's international presence
- Liberalisation of markets
- Facilitating of market entry

Barriers

- Lack of knowledge about foreign markets
- Lack of resources
- Import duties and restrictions

Risks

- Political risks
- Boycotts
- Financial risks
- Foreign exchange rate fluctuations
- Taxation

Source: Cavugsgil/Nevin (1981), Welch/Luostarinen (1988), Keng/Jiuan (1988), Etemad (2001) and Chetty/Campbell-Hunt (2003)

A1.2 Case Studies

Author/Year	Country	Research Object and SME definition	Topic	Results
Boter/Holmquist 1996	Norway, Sweden, Finland	Conventional and innovative exporting SME <250 employees	Internationalise process in two different types of SMEs; conventional and innovative companies	The two distinct forms of internationalisation process were found. The innovative companies' approach to internationalisation as a global focus; they structure their business activities, firms functions and forms freely. The conventional companies approach is a local focus; they undertake a stepwise behaviour, selling in neighbouring countries
Coviello/Ghauri/Martin 1998	New Zealand	Engineering consultant and software companies <500 employees	Internationalisation competitiveness measure used by SME managers	The competitiveness measure consists of the performance, process and potential. The performance measures used by the firms in practice are sales and profit oriented.
Fillis 2000	Great Britain, Ireland	British and Irish Micro craft enterprises	Internationalisation process of the small craft firms	Innovation, risk taking and proactiveness are skills of successful internationalization behaviour
Havens 2002	Norway	Norwegians SMEs <100 employees	Development patterns for SME internationalisation and their influence factors	Strategic planning as well as entrepreneurial paradigm are both the approaches to a firm's development. However, the export performance while altering the patterns does not change.
Chetty/Campbell-Hunt 2003	New Zealand	Successful exporters, export award winners, manufacturing firms <500 employees	Internationalisation competitiveness measure used by SME managers	Firms choose between the global and regional path of internationalisation. Management's attitude is an important factor influencing the internationalisation of an SME.

A1.3 Profile Studies

Author/Year	Country	Research Object and SME definition	Sample Size	Topic	Independent variable	Dependent variable	Method	Results
Keng/Jiuan 1988	Singapore	SME manufacturers <100 employees	Not Available	Difference between exporting and non-exporting firms	Exporting, non-exporting	Firm size, years in business, perceived importance of marketing activities, firm's competitive advantage	Cross classification analysis and t-test	Exporters tend to be larger firms with well educated owner and chief officer, they have positive attitudes towards export marketing.
Kohn 1997	USA	SME <500 employees		Strategies used by internationalisation of the US based SMEs	Exporting firms versus all firms	Industry maturity, consumer intensity, R&D intensity, foreign affiliates	Comparison	US based SMEs use specific strategies, such as a 'deep niche' strategy; they focus on producer goods, market dominance and technological leadership and have lower-than-expected tendency to form minority-owned affiliates abroad.
Magagula/Obben 2001	Switzerland	SME manufacturers in food and textile industries; handicrafts <100 employees		Distinguishing between exporting and non-exporting SMEs in Switzerland	Exporting, non-exporting	Firm characteristics: Firm size, firm age, % of female employees, Managerial characteristics; level of education, age, language proficiency, number of business related trips to a foreign country, perception	Logit Analysis	Foreign language proficiency, number of foreign business related trips and risk perception showed a positive relationship with export activites

A1.4 Performance Studies

Author/Year	Country	Research Object and SME definition	Sample Size	Topic	Independent variable	Dependent variable	Method	Results
Namiki 1988	USA	Computer hardware manufacturers SMEs <250 employees	63	Identification of export strategies of SMEs and their impact on export performance	Subjective measure of degree of overall success in export	Importance of competitive methods, such as customer service, brand identification and new product development used for exporting	Factor and cluster analysis and analysis of variance	The strategies of differentiation focus and innovative differentiation were identified as the high performance strategies
Madsen 1989	Denmark	Experienced exporters SMEs 20-200 employees	134	Cross-sectional empirical export performance study	Export sales, growth, profitability	Firm characteristics, export marketing strategy, market characteristics	Multiple regression	Product strength, export experience and attractiveness of export markets have a significant impact on export performance
Bonaccorsi 1992	Italy	SMEs <500 employees	Not Available	Influence of firm size on export intensity	Export intensity (export as % of total sales)	Firm size	ANOVA	No relation between firm size and export intensity found
Bijmolt/Zwart 1994	Netherlands	SMEs 5-200 employees		Impact of managerial factors on the export success	Export intensity (export as % of total sales), growth, relative profitability of export, satisfaction of the exporter	Firm characteristics, export policy (export planning, organisation structure, export attitudes)	Latent structure model with casual relationships incorporated in LISREL program	Positive effect of export planning, organisational adjustments and attitudes on export
Naidu/Prasad 1994	USA	SMEs 15-500 employees		Predictors for export strategy and performance of SMEs	Classification of the firms as 'sporadic' or 'regular' exporters, based on export volume, export sales, profitability as well as an overall export performance	Firm resources and competences, international market focus	Cross tabulation, logistic regression	Management priority for international business, length of experience, size of firm and the perceived attractiveness of export were identified as factors differentiating regular from sporadic exporters.

Wolff/Pett 2000	USA	SMEs <500 employees	157	Examination of competitive export patterns and the relationship between firm size and export performance	Export intensity (export as % of total sales)	Firm size	ANOVA	No relations between firm size and export intensity found. The study shows that different size groups of SMEs use different patterns
Dhanaraj/Bea mish 2003	USA, Canada	SMEs <500 employees	U.S. (70) Canada (87)	A resource-based approach to the study of export performance	Firm's overall profit, growth, and market share	Firm size, technological intensiveness and enterprise (technological leader, innovation, commitment)	Multiple group analysis	The firm's size, technological intensity and 'the enterprise' (i.e. technological leadership, innovation and commitment) are good predictors of degree of internationalisation (intensity and diversity) which has shown to influence positively the firm's performance
Kundu/Katz 2003	India	Software born global SMEs	47	Impact of innovation and resources on firm and individual level on export performance	Export intensity (export as % of total sales), % growth rate for exports, absolute export sales, export profitability	Resources (education, international experience), intention (foreign marker convergence)	Multiple regression	Technological innovativeness of the product and the educational background of the founder have a positive impact on the export performance of born global Indian firms

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Internationalisation Readiness Survey Questionnaire

Draft Version 2.0

1 Sep 2008

Appendix 2 – Sample Questionnaire

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Internationalisation Readiness Survey 2008

Objective

BDO is conducting a survey on the state of internationalisation readiness in various industries in Singapore. The objective is to analyse and highlight key underlying issues that influence the internationalisation readiness of companies in Singapore. In a competitive global economy, the enhancement of business competitiveness via overseas business expansion is a necessary issue that needs to be addressed. The objectives of the survey are:

- Survey will provide a holistic analysis of your company's internationalisation readiness vis-à-vis industry benchmarks
- To facilitate your company's current and future business expansion plans
- Continuous feedback channel to the relevant governmental agencies in formulating specific policies that would support the continuous growth of your industry and company.

We would be extremely grateful of your participation in this survey. Confidentiality of the survey responses will be strictly maintained as only aggregated data will be included in the study report.

Completing the Questionnaire

A senior person in your firm who is conversant on the long-term strategic development and company process of the entity. This could be the CEO, COO or the director of strategic planning in the organization who can help assist the completion of this questionnaire.

There are four main sections to this questionnaire:
1. Company Profile
2. Facts
3. Assets
4. Stage
5. Tactics

In addition, we would also like to invite you to submit your organisation's audited financial statements for the most recent year. We would like to leverage on this opportunity to better assess the financial performance of your company in the following aspects:

- Key Financial Figures (Turnover, Net Profit, Net Worth, Total Assets)
- Key Financial Ratios (Liabilities, Total Debts, Efficiency and Leverage)
- DP Credit Rating (Evaluates the default probability default of a company)

Assistance

If you have any queries, please do not hesitate to contact either one of the following researchers

Melissa Craig Matos Associate Director, Management Consulting BDO Raffles Consultants Pte Ltd 5 Shenton Way #07-01 Singapore 068808 Tel: (65) 6828 9186 Fax: 65-6828 9111 Email: melissacraig@bdo.com.sg	Leo Kah Mun Consultant, Management Consulting BDO Raffles Consultants Pte Ltd 5 Shenton Way #07-01 Singapore 068808 Tel: 65-6828 9118 ext.701 Fax: 65-6828 9111 Email: kahmun@bdo.com.sg

Respondent Particulars:

Company Name:

Address:

Name:	**Designation:**

Tel:	**Fax:**	**Email:**

SECTION 1 – COMPANY PROFILE[7]

P1
In what year was your business/company e**stablished**? _____

P2
What is the **nature of your business**? (*Please briefly describe*)

_____

_____

_____

_____

_____

P3
What is the **type** of your Business/Company?

☐ Sole proprietor/ partnership

☐ Private limited company

☐ Public listed company - please specify Stock Exchange _____

☐ Others - please specify _____

P4.
What is <u>**ownership structure**</u> your business's/company's? (*please tick one only*)

☐ Wholly locally-owned   ☐ 30% or less locally-owned company
                                                                        Nationality of largest owner:

☐ More than 30% locally-owned company   ☐ Wholly foreign-owned company

P5
Which of the following **sector** does your company operate in?

Commerce (Retail & Wholesale)
Information and Communications
Transport/Storage
Construction
Finance & insurance-related services
Holdings
Hospitality/Food & Beverage
Manufacturing
Property/Real Estate
Business Services
Others *(please specify)*:

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[7] No scoring is required for the company profile questions from P1 to P13.

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Please rank the **most important factors** for the business you are in? *(Please rank on a scale of 1 to 5 where 1 is the most important and 5 is the least important)*

P6

	Human Resources
	Research and Development
	Financial capital
	Sales and Markets
	Cash flow
	Raw materials
	Infrastructure
	Equipment
	Other, please specify:

Which business situation best describes the **current stage** of your company?

P7

	Start – up (< 3 years of operations)
	Fast Growth (sales growth of more than 10% per annum)
	Moderate Growth (sales growth of up to 10% per annum)
	Consolidation/Maturity (zero sales growth)
	Declining (Decreasing sales)

P8   What is your total number of employees? _____

Please provide your company's **headcount** by the following categories and functions:

By Category	2007	2006	2005
1. Senior Management (CEO, COO, directors)			
2. Middle Management (Senior managers, managers)			
3. Junior Management (Asst managers, executives, administrators)			
4. Others			
5. Total Employment (add items 1-4)			
By Function	**2007**	**2006**	**2005**
1. Finance			
2. Human Resource			
3. Sales and Marketing			
4. Product Development			
5. Others			
6. Total Employment (add items 1-5)			

Note: The total employees by category and function must be the same.

P9 (left margin label)

Has your company **ventured internationally / overseas**? (Please tick that which applies)

Yes		*(Please continue to **P12**)*
No, but has intention of internationalising		*(Please continue to **Question 12**)*
No intention of internationalising		*(Please continue to **Question 11**)*

P10 (left margin label)

What are the reasons for your company **not intending to venture** internationally? *(You may select more than 1)*

Lack of financial resources
No international demand for products
No international orientation of decision makers
Product / service not an international level or standard
Lack of international business network
Do not know how to go about internationalisation
Wish to stay solely in Singapore market
Strong competition in foreign markets
Higher risks in international operations
Lack of international experience
Foreign bureaucracy and redtop
Other, please specify: _____

P11 (left margin label)

P12	Do you know of Singapore government internationalisation assistance schemes? *(Circle which applies)* Yes *(proceed to P13)* No

P13	Do you know of the following Singapore government' internationalisation assistance schemes? *(You may select more than 1)*

IE Singapore Advisory Centre (previously Resource Centre)
EnterpriseOne Business Info Service (EBIS)
Internationalisation Capability Development Programme (iCDP)
IE Enterprise Advisory Centre
IE Export Promotion Division
IE Business Matching Unit
IE Capital Enabling Division
IE Business Capability Division (iPartners)
IE Incentive Management Division

If your company has no intention of expanding business internationally, please close the interview.

We wish to thank you for your contribution.

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P14

Do you believe your business is **ready** to internationalise? *(Select 1 answer which applies)*

Yes
(please proceed to P15 and then to Section 1 question 1)
No
(please proceed to Section 1 question 1)
Uncertain / Maybe
(please proceed to Section 1 question 1)

P15

Why do you think your business is ready to internationalise? *(please describe briefly)*

<div style="background-color:navy; color:white;">

Section 1: Facts

This section evaluates the level of knowledge that you company possesses from the perspective of your international business in the following areas:
1.1 Global Trends and Target Markets
1.2 Consumer Knowledge
1.3 Competitor Intelligence
1.4 Market Environment
1.5 Market Entry and Partnering

</div>

Section 1.1 – Global Trends and Target Markets

Please rate your company's level of knowledge for the following aspects:

	Indicator	1 very low	2 low	3 Average	4 High	5 very high
1.	Knowledge of global trends and changes in the general business environment					
2.	Knowledge of global trends and changes in the business environment directly relating to your industry					
3.	Understanding the key drivers that determines the demand for your company's products and services					
4.	Level of market growth – present and future					
5.	Level of target market saturation					

Section 1.2 – Consumer Knowledge

Please rate your company's level of consumer knowledge for the following aspects:

	Indicator	1 very low	2 low	3 Average	4 High	5 very high
6.	Who are the immediate customers (e.g. resellers, retailers)					
7.	Who are end users or final customers					
8.	How does your products meet the needs of customers/end users					
9.	Why do customers/end users need and use your company's products and services?					

Section 1.3 – Competitor Intelligence

Please rate your company's level of competitor knowledge for the following aspects:

	Indicator	1 very low	2 low	3 Average	4 High	5 very high
10.	The number, market share and size of direct and indirect competitors					
11.	The strengths and weaknesses of direct and indirect competitors					
12.	Market position and pricing of direct and indirect competitors					
13.	Benefits of your company's products in relation to those offered by direct competitors					

Section 1.4 – Market Environment

Please rate your knowledge on overseas markets? (please select 1 answer only for each of the 10 issues listed below)

	Category	Indicator	1 very low	2 low	3 Average	4 High	5 very high
14.	Economy	Current GDP and inflation and forecasted key macroeconomic indicators for target markets					
15.		Key economic and political climate in target markets for the last 3 to 5 years					
16.		Understand the limitations and constraints of the business infrastructure in target countries					
17.		Know the current and future foreign trade & exchange condition					
18.	Legal and Regulatory Environment	Know the legal, regulatory and taxation issues pertaining to your industry					
19.		Substantial knowledge of any business incentives in the target countries that are available for your company					
20.	Culture	Know the tastes and preference of the target market in overseas countries and being sensitive to their beliefs					
21.		Fully understanding the normal practice of conducting businesses over there					
22.		Understand socio-ethical requirements in targeted market (e.g. environmentally friendly)					

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Section 1.5 – Market Entry and Partnering

Please rate your company's level of knowledge of market entry modes in the following aspects:

	Indicator	1 very low	2 low	3 Average	4 High	5 very high
23.	Types of market entry modes (e.g. distribution, joint ventures, agency, subsidiary, etc) and ability to select a suitable entry mode					
24.	Types of sales and distribution channels available and ability to select a suitable channel					
25.	Forms of partnership and co forms available and ability to select a suitable form					

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Section 2: Assets

This section is used to assess the current state of resource availability and competencies of your company by analyzing the following aspects:

2.1 People and Human Resources
2.2 Finances
2.3 Marketing and Distribution
2.4 Product and Service Process Efficacy
2.5 Innovation and R&D
2.6 Intellectual Property
2.7 Technology

Section 2.1a – People and Human Resources

Please rate the competency of your company by the following functional areas:

	Category	Indicator	1 very low	2 Low	3 Aver age	4 High	5 very high
26.	Finance	Provide accounting, statutory and compliance reporting, and secure adequate funding for internationalisation					
27.		Provide suitable advice to senior management on financial issues pertaining to internationalisation process					
28.		Liaise effectively with bankers, auditors, tax and legal advisors, and other regulators for internationalisation					
29.	Human Resource	Ability to source, recruit and retain necessary human resources for internationalisation and overseas projects					
30.		Provide adequate advice to senior management on international key human resource regulations					
31.		Attract and retain the right quantity and quality of workforce					
32.	Product Development	Initiate new product development projects for both the domestic and international markets					
33.		Provide management with advice on the types of current and possible future products/services required on the international markets					
34.		Develop new products and services suitable for target audience in international markets					
35.	Marketing /Business Development/ Sales	Effectively research and monitor on international market trends					
36.		Market, competitor and customer knowledge					
37.		Effectively plan and execute both domestic and international market entry/expansion strategies					

38.		Effectively deliver the products across international boundaries	
39.	Logistics	Develop on-ground distribution plans to ensure delivery of goods to both domestic and international clients within a reasonable response time	
40.		Provide tailor-made advice and solutions to senior management on international logistical issues and regulations	

Section 2.1b – Senior Management

41.	On average, how many combined years of **international experience** do the senior management team in your company possess? (*Please select 1 only*)	
	1 to 5 years	Very low =1
	6 to 10 years	Low = 2
	11 to 15 years	Average = 3
	16 to 20 years	High = 4
	More than 20 years	Very high = 5

42.	Please rate the level of **senior management competency and experience** in dealing with foreign contacts/business culture? (*Please select 1 only*)				
	1 Very low	2 Low	3 Average	4 High	5 Very High
	Please state reasons or give examples: _____ _____ _____				

43.	Please rate the level of your senior management's **international networks/contacts**? (*Please select 1 only*)				
	1 Very low	2 Low	3 Average	4 High	5 Very High
	Please state reasons or give examples: _____ _____ _____				

Section 2.1c – Organisation Culture

	How would you rate your company culture in terms of its **openness to new business ideas** from both the domestic and international markets? (*Please select 1 only*)				
44.	1 Very low	2 Low	3 Average	4 High	5 Very High
	Please state reasons or give examples: _____ _____ _____				

	How would you rate the **importance of training programs** pertaining to internationalisation for your company staff? (*Please select 1 only*)				
45.	1 Very low	2 Low	3 Average	4 High	5 Very High
	Please state reasons or give examples: _____ _____ _____				

	How would you rate the level of **entrepreneurial mindset** of your senior management? (*Please select 1 only*)				
46.	1 Very low	2 Low	3 Average	4 High	5 Very High
	Please state reasons or give examples: _____ _____ _____				

Section 2.2 – Finances

47.	What was your company's **total annual turnover** for the last 3 years? *(Please select 1 answer only for each year)*			
	Turnover	2007	2006	2005
	Please fill in your company's level of turnover			

Note: Please use only the latest year 2007 when scoring the indicator though the remaining information is for monitoring purposes

48.	What was your company's **net profit after taxes** for the last 3 years? *(Please select 1 answer only for each year)*			
	Net Profits after Tax	2007	2006	2005
	Please fill in your company's level of profits after taxes			

Note: Please use only the latest year 2007 when scoring the indicator though the remaining information is for monitoring purposes

	What is your company's level of available **free cash flow** for the past three years as a percentage of net income?
	Free cash flow is the amount of cash that a company has left over after it has paid all of its expenses, including investments.

Working example:
Assume that your net income for FY 2007 is S$ 5,000,000, while working capital in FY 2007 is S$ 700,000 as compared to S$400,000 in FY2006 and depreciation is S$200,000. Meanwhile, capital expenditure in FY 2007 is S$1,200,000 as against S$1,000,000 in FY 2006. Therefore the free cash flow for FY 2007 would be estimated as: |

a. Net income	S$5,000,000
b. Add depreciation	S$200,000
c. Less working capital	S$300,000 (if FY 2007 level is above FY 2006 and vice versa)
d. Less capital expenditure	S$200,000 (if FY 2007 level is above FY 2006 and vice versa)
Free cash flows (FCF)	**S$ 4,700,000**
FCF/Net Income	**94%**

	Free Cash Flows		2007	2006	2005
No Score		a. Net Income			
		b. Plus Depreciation/Amortization (current year statement)			
		c. Minus Changes In Working Capital (difference in current and previous year financial statements (current assets-current liabilities)			
		d. Capital Expenditure Difference in current and prior year's balance sheets: property, plant and equipment accounts			
49.	Free Cash Flows (FCF) (a+b+c+d)				
50.	FCF/Net Income (Item 49/a)				

51.	Please rate your company's ability in **securing the necessary funding** i.e. (equity, debt and government) in order to continue supporting your existent/intended overseas business *(Please select 1 only)*

Very low	Low	Average	High	Very High

Please state reasons or give examples:
_____
_____

Has your company obtained/intends to obtain any of the following **forms of funding** in the past 3 and next 3 years for your internationalisation efforts? *(Multiple answers applicable)*

<div align="center">No Score</div>

Equity Financing	Past 3 Years	Next 3 Years	Debt Financing	Past 3 Years	Next 3 Years	Government Schemes	Past 3 Years	Next 3 Years
Personal borrowings			Bank Overdraft			Local Enterprise Finance Scheme (LEFS)		
Business Angels			Trade financing			Regionalisation Finance Scheme (RFS)		
Venture Capital			Bank Loans			SME Access Loans		
Over-the-Counter (OTC)			Factoring			Start-Up Enterprise		
Initial Public Offering (IPO)			Hire purchase/leasing			Development Scheme (SEEDS)		

Other (please specify):
_____
_____

What are your company's **top 3 challenges** when obtaining funds for your domestic and foreign business operations?

<div align="center">No Score</div>

Challenge	Domestic	Foreign
None		
Lack collateral		
Maximum credit limit		
Lack of management and business track record		
High loan repayment interest rate		
Extensive documentation required		
Weak business plans		
Economic conditions		
Loan repayment period is too short		
Other, please specify:		

Section 2.3 – Marketing and Distribution

Please rate the level of your company's **resources and skills** from the point of view of the success of your international business for the following factors:

	Indicator	1 very low	2 low	3 Aver age	4 High	5 very high
52.	Marketing and sales experience and skills of personnel					
53.	Customer service, satisfaction and relationship management					
54.	Corporate Communications					
	Please rate the strength of your company's **delivery and distribution channels** and skills in managing the distribution channels from the point of view of the success of the company's international business for the following factors:					
55.	Logistics, deliveries & distribution channels					
56.	Marketing and sales channels					

Section 2.4 – Product and Service Process Efficacy

Please rate the level of your company's **production resources and skills** from the point of view of the success of the company's international business for the following factors:

	Indicator	1 very low	2 low	3 Avera ge	4 High	5 very high
57.	Products/services, technology, level and maturity of product development					
58.	Production processes, organisation, productivity and efficiency					
59.	Quality management and product testing					
60.	Purchasing/procurement					

Section 2.5 – Innovation and R&D

	What are the **3 main products/services** produced by your company? Please also indicate their approximate % contribution to your sales in the most recent financial year	
61.	**Product / Service**	**Approximate contribution to sales in 2007**
	1	
	2	
	3	
	Total	

Note: Only the total cumulative ratio for the 3 main products will be aggregated and standardised.

	How would you rate the **level of product or service innovation** of your company? (*Please select 1 answer only*)				
62.	Very low	Low	Average	High	Very High

Please state reasons or give examples:
_____
_____
_____

	What percentage of your sales did your company invest in **R&D activities** for new products or services in the past 3 years? *(Please select 1 answer only)*	
63.	Less than 1%	Very low =1
	1% to 3%	Low = 2
	4% - 6%	Average = 3
	7% - 10%	High = 4
	More than 10%	Very high = 5

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	Please indicate the approximate % of your total annual sales that consist of **new products or improvement on existing products** introduced by your company over the past 3 years. *(Please select 1 answer only)*	
64.	< 10%	Very low =1
	10% to 24%	Low = 2
	25% to 49%	Average = 3
	50% to 74%	High = 4
	≥ 75%	Very high = 5

Section 2.6 – Intellectual Property

> Intellectual property system refers to:
> Industrial property (which includes patents, trademarks, service marks, geographical indications, layout-designs or topographies of integrated circuits, industrial designs, protection against unfair competition including protection of undisclosed information/trade secrets).
>
> Copyrights and related rights (these relate to literary, artistic, musical, dramatic works such as trade catalogues, computer software, technical reports, engineering blueprints, architectural drawings, novel, music, graphic works, photographs, painting, cinematographic work).

Has your company protected any of your **intellectual property** (e.g. filing of patents, copyrights, etc)?

No Score

Circle that which applies	
Yes	No
(Proceed to Q65)	*(Proceed to Q66)*

	What type of intellectual property has your company used? *(Multiple answers are acceptable, circle those which apply)*					
65.	Patent	Yes	No	Registered design	Yes	No
	Copyright	Yes	No	Registered trademark	Yes	No
	Layout-design	Yes	No	Trade secrets	Yes	No

	Please evaluate the degree on the level of copying that your industry is currently operating in? *(Please select 1 answer only)*				
66.	Very low	Low	Average	High	Very High
	Please state reasons or give examples: _____ _____				

	Please evaluate the level at which you company's key products/services can be easily copied or imitated by competitors? *(Please select 1 answer only)*				
67.	Very low	Low	Average	High	Very High
	Please state reasons or give examples: _____ _____				

Section 2.7– Technology

Does your company have its own **company Web page**? *(circle 1 answer only)*	**Yes**	**No**
No Score		
	(Proceed to Q68)	*(Proceed to Q69)*

	Can your company Web page be used for the following? *(circle 1 answer for each choice)*		
68.	Obtain information about your products/service	Yes	No
	Obtain financial and operating information about your company	Yes	No
	Place and modify product/service orders from your company	Yes	No
	Exchange and return goods	Yes	No
	Others, please specify:		

	For which of the following reasons does your company not use a company web page *(circle 1 answer for each reason)*:		
69.	Not useful for the nature of the business	Yes	No
	Can't afford development and maintenance costs	Yes	No
	Technology is very complicated to use	Yes	No
	Internal business procedures are not ready for the effective use of internet enabled business	Yes	No
	Others, please specify		

	What usage does your company make of computers? *(Multiple answers allowed, circle those which apply)*	
70.	Everyday internal usage	
	Accounting and budgeting	
	Financial planning, management and control	
	Production planning	
	Billing and invoicing	
	Marketing and customer relations management	
	Logistic and supply chain management	
	Computer aided design/manufacturing	
	Receiving orders and placing orders	
	Receive payments	
	Exchange business data with suppliers, buyers, general clients	
	E-mail	
	Other, please specify:	

Does your company use an ERP (Enterprise Resource Planning)	**Yes**	**No**
No Score		
	(Proceed to question 71)	*(Proceed to question 72)*

	To what extent does your company use the ERP system? *(Please select one answer only)*				
71.	Very low	Low	Average	High	Very High

	How is the ERP system used? ((*Multiple answers allowed*)	
72.	Use as a common database for every department	
	Use as a modular software design	
	Manufacturing	
	Supply Chain Management	
	Finance/Accounting	
	Project Management	
	Human Resources	
	Customer Relationship Management	
	Inventory management	
	Other, please specify _____	

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Section 3: Stage

This section is used to conduct a reality check on your company's level of internationalisation by analyzing the following key issues:
3.1 Internationalisation Modes and Extent
3.2 Moltivators and Barriers to Internationalisation

Note to respondent: stage

If you **have** internationalised your operations, please fill below continue from Q73

In what year did you first set-up your operations internationally?? _____

If you **have not** internationalised but intend to, please continue at Q77

Section 3.1 – Internationalisation Modes and Extent

	Which of the following **internationalisation modes** have you utilised? *(You may select more than 1)*	
73.	Export	
	Appoint distributors/agents	
	Franchising & licensing	
	Partnerships/Strategic alliances	
	Joint ventures	
	Foreign subsidiary	
	Mergers & acquisitions	
	Others – Please specify:_____	

	What percentage of your **company sales were derived from outside of Singapore** for FY 2007, or alternatively information being available for the latest financial year? *(please select 1 only)*		
74.	1 – 10%	Very low =1	
	11 - 25%	Low = 2	
	26% - 49%	Average = 3	
	50% - 74%	High = 4	
	75% - 100%	Very high = 5	

75.	What proportion of your **customer portfolio** is from overseas? *(please select 1 only)*
	Up to 20%
	21% - 40%
	41% - 60%
	61% - 80%
	81% - 100%

76.	What were the costs associated with setting-up abroad for the last 3 years if any?

	Region/Countries	Intend to venture into	Just started	1-3 years	4-5 years	> 5 years
77.	**ASIA**					
	China/Hong Kong					
	India					
	Indonesia					
	Japan					
	Korea					
	Malaysia					
	Philippines					
	Thailand					
	Vietnam					
	AMERICA					
	United States of America					
	Latin America					
	Canada					
	EUROPE					
	France					
	Germany					
	Italy					
	United Kingdom					
	Russia					
	MIDDLE EAST					
	Saudi Arabia					
	Kuwait					
	United Arab Emirates					
	Qatar					
	OCEANIA					
	Australia					
	New Zealand					
	AFRICA					
	South Africa					
	Angola					
	Egypt					
	OTHERS (please specify country)					
	Country:					
	Country:					
	Country:					
	*Total Countries:					

Which of the following **countries** is your company **currently engaged or intends to engage** in overseas business with? *(You may select more than 1)*

This represents the total number of countries that your organisation already has ventured or intends to venture into.

Section 3.2 – Drivers and Barriers to Internationalisation

78	Please choose the **motivators or drivers** for your company having internationalised OR intending to internationalise: *(You may choose more than 1 answer)*	
	No Score	
	Larger profits in foreign markets	
	Technological advantage	
	Economies of Scale	
	Increasing competition in local market	
	International objectives of senior management	
	Government support for internationalisation	
	Tap on international experience of staff	
	Excess capacity	
	Small domestic market	
	Fulfil demand in international markets	
	Following customer to international markets	
	Other, please specify and rank: _____	

79	Please choose the **barriers** for your company having internationalised OR intending to internationalise: *(You may choose more than 1 answer)*	
	No Score	
	Lack of manpower or inadequate quantity of and/or untrained personnel for internationalisation	
	Financial restrictions (i.e. shortage of working capital)	
	Lack of managerial time to deal with internationalisation	
	Lack of strong product and brand recognition	
	Lack of country market intelligence	
	Ethical, religious and political reasons	
	Strong foreign competition	
	Lack of international business knowledge and contacts	
	Other (please specify: _____)	

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Section 4: Tactics

This section evaluates the level of strategy in your company on the following key issues:
4.1 Corporate Strategy
4.2 Market Positioning
4.3 Market Research

Section 4.1 – Corporate Strategy

	Please evaluate your company on the following strategic issues: *(Please select 1 answer only for each of the 10 issues listed below)*					
	Indicator	**1 very low**	**2 low**	**3 Average**	**4 High**	**5 very high**
80.	Clearly defined business objectives					
81.	Keeping abreast of changes in the global environment and able to react quickly to these business changes					
82.	Able to direct and focus your activities towards clearly defined international target customers					
83.	Able to develop better solutions to meet the problems and needs of your international target customers					
84.	Ability to translate new ideas into actions and carry them through					
85.	Level of information to make sound and informed decisions					
86	Ability to differentiate and prioritise between short and long-term corporate objectives					
87.	Regularly set aside time for strategic planning and evaluation of future objectives					

88.	How does your company compete/intend to compete in a dynamic and increasingly competitive business environment? *(Please tick all that apply)*		
		Domestic	**Foreign**
	In-house R&D	42.1.a	42.1.b
	Acquisition of new machinery, equipment and software linked to product and process innovation	42.2.a	42.2.b
	Product design and/or service innovation	42.3.a	42.3.b
	Licensing patents or processes	42.4.a	42.4.b
	Improving efficiency or cost advantages	42.7.a	22.7.b
	Training directly to technological innovations	42.8.a	42.8.b
	High degree of differentiation and high cost	42.10a	42.10.b
	Low degree of differentiation and low cost	42.11a	42.11.b
	Other, please specify:		
	Total Number of Product/Service Strategies Adopted		

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Section 4.2 – Market Positioning

	Please rate your company's *level of knowledge* of your competitive advantages in your international business for the following aspects:					
	Indicator	**1 very low**	**2 low**	**3 Aver age**	**4 High**	**5 very high**
89.	Knowledge of areas where your company is better than competition in providing superior customer benefits					
90.	Knowledge of areas where your company is better than competition in possessing superior competencies					
91.	Ability to define a clear superior customer benefit for your current/intended international customers					
92.	Knowledge of how well your domestic success can work in different international markets					

Section 4.3 – Market Research

The following descriptions related to Question 62 & 63

Methods	Description
Open Source Intelligence	*Finding, selecting, and acquiring information from publicly available sources such as magazines, academic journals, tv and radio; and analysing it to produce actionable intelligence*
Business Intelligence	*Refers to technologies, applications and practices for the collection, integration, analysis, and presentation of business information and also sometimes to the information itself. The purpose of business intelligence is to support better business decisions*
Market Research	*Process of systematically gathering, recording and analyzing data and information about customers, competitors and the market. It includes site visits, face-to-face interviews, surveys, focus groups, mystery shopping.*
Competitor Analysis	*Competitor analysis in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors.*

	Please rate the level/depth of the following research methods which your company has utilised or intends to utilise for your international business expansion: *(Multiple answers applicable)*					
	Indicator	**1 very low**	**2 low**	**3 Average**	**4 High**	**5 very high**
93.	Open Source Intelligence					
94.	Business Intelligence					
95.	Market Research					
96.	Competitor Analysis					

For questions 95 and 96 please specify how your company sources it. *(Multiple answers applicable)*	
No Score	
Internal market research / marketing department	
Internal business development department	
External research agents	
Other, please specfy: _____	