

**SME Development Fund/
Dedicated Fund on Branding, Upgrading and Domestic Sales
(Organisation Support Programme)**

Final Report of Approved Project

Project ref. no. : D12 001 004
Project title : Challenges, Opportunities and Strategic Responses of Logistics
SMEs under the National 12th Five-Year Plan
Period covered : From 01/11/12 to 31/12/2013
(dd/mm/yy) (dd/mm/yy)

1. Project Details

(Please mark with "*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

Project Reference and Title

Challenges, Opportunities and Strategic Responses of Logistics SMEs under the National 12th Five-Year Plan
國家十二五規劃下物流業中小企面對的挑戰、機遇與應對策略

Project Summary (in not more than 150 words)

While Hong Kong's logistics industry has been facing various kinds of challenges, it has also presented numerous opportunities emerging from the favourable policies found in the National 12th Five-Year Plan (FYP) and CEPA. Against this background, this project studied the development of the markets, the evolution of the Hong Kong logistics industry, the benefits and limitations of different policies and the condition of small and medium-sized logistics enterprises (SMLEs). Through a series of in-depth interviews with SMLEs, models of successful cases were constructed. The final study report and an advisory kit on survival presented the industry's best practice recommendations to SMLEs. Through seminars and media, results of the Study were widely publicised to SMLEs. Recommendations were presented through a series of seminars and media publicity.

Project Objective(s) (in not more than 80 words)

- i. To analyse the evolution of the logistics industry and the SWOT of SMLEs in the 12th FYP period; and to examine the ways SMLEs to boost its strength, improve on its weaknesses, and respond and adapt to the external environment.
- ii. To generalise both the success and failure in tackling the challenges and problems of SMLEs; to identify the best practices that can help SMLEs to respond to the challenges and increase competitiveness, and share among SMLEs.

Grantee /Collaborating/Implementation Organisation Agent

Grantee : Federation of Hong Kong Industries

Collaborating Organisation(s) : Transport & Logistics Services Council

Implementation Agent(s) : Hong Kong Institute of Asia-Pacific Studies,

The Chinese University of Hong Kong

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. & Fax No.</u>
Project Co-ordinator	<u>Alexandra Poon</u>	<u>Federation of Hong Kong Industries</u>	<u>2732 3173</u>
Deputy Project Co-ordinator	<u>Elaine Wong</u>	<u>Federation of Hong Kong Industries</u>	<u>2732 3170</u>

Project Period

	<u>Commencement Date (day/month/year)</u>	<u>Completion Date (day/month/year)</u>	<u>Project Duration (No. of months)</u>
As stated in project agreement	<u>01/11/12</u>	<u>31/10/13</u>	<u>12</u>
Revised (if applicable)	<u>-</u>	<u>31/12/13</u>	<u>14</u>

Methodology Employed

To achieve the project objectives, the scope of study was as follows:

- (1) To obtain a comprehensive understanding of the industrial background, specifically to the SMLEs, providing a good context for the subsequent analysis of the whole study;
- (2) To find out the general SWOT of SMLEs in each segment of the logistics industry, and the relationship with other segments, large enterprises and other sectors involved in logistics industry, depicting a full picture of present operation of SMLEs and the challenges and difficulties encountered;

- (3) To understand the influences of new changes / development within and outside the industry to SMLEs, such as the transformation of global economy and emerging markets, the implementation of new strategies and policies in the 12th FYP and CEPA, the application of ICT and e-commerce, and the change of Hong Kong's role in the logistics industry, suggesting appropriate responses;
- (4) To collect and generalise the successful and unsuccessful practices of response and solution in dealing with the changing economies and markets (e.g. the strategies of expanding the PRD market), the institutional environment (e.g. the ways of making good use of CEPA), the evolution of the logistics industry (e.g. the path towards a green and social responsible SMLEs) and the internal operation and management of SMLEs (e.g. the key steps to build the know-how).

The study completed the following tasks following a well-constructed analytical framework involving background study, in-depth interviews and case study. PRD interview was also carried out to understand the operation of SMLEs in PRD. Both quantitative and qualitative approaches were used. The study team carried out the sectoral in-depth interviews and the follow-up case studies. About three to five SMLEs from each major segment were selected to conduct the sectoral in-depth interviews and five (in different segments) among these SMLEs will be picked up in the follow-up case studies. The managers of these SMLEs were interviewed concerning their inter-segment relationship and their roles in the logistics chain, their business strategy and experience (changing operation and business transition such as from transportation to value added logistics services) in responding to the changing environment and tackling the challenges, and their preparation for the future. Based on the findings, coupled with the background studies, suggestions on best practice of SMLEs and policy suggestions were proposed on the ways to respond to various issues.

The research team worked closely with the logistics industry to identify the challenges and identify the best practices for reference of all SMLEs. Four seminars were organised for SMLEs.

2. Summary of Project Results

Project Deliverables

(Please list out the targeted project deliverables as stated in the project proposal appended to the project agreement and provide details of actual result achieved, including beneficiaries, for each of them.)

Seminars – Four seminars were organised to share the development of logistics industry and findings of this study and suggestions with SMLEs members and to foster exchanges among SMLEs members.

	Action taken & Beneficiaries	No. of Attendance
Awareness Seminar 1 香港海運、空運與快遞門類物流中小企的挑戰與前景 Date: 4 Dec 2012 Time: 2:30pm to 5:00pm	Onsite sharing and message delivered to SMEs / Enterprises	40
Awareness Seminar 2 香港陸路運輸及分發、倉儲/物流中心與支援及輔助服務門類物流中小企的挑戰與前景 Date: 6 Dec 2012 Time: 10:00am to 12:30pm	Onsite sharing and message delivered to SMEs / Enterprises	40
Seminar on Opportunities of eCommerce Platform for Logistics SMEs in Hong Kong Date: 23 Aug 2013 Time: 2:30pm to 5:00pm	Onsite sharing and message delivered to SMEs / Enterprises	90
Seminar on Change & Innovation - The Key to Success Date: 27 Nov 2013 Time: 3:00pm to 6:00pm	Onsite sharing and message delivered to SMEs / Enterprises	100
Total No. of Beneficiaries		270

Final Report – a report covering the analysis of the current condition of SMLE development, identification of challenges and opportunities and suggestions to the SMLEs, logistics industry and the government. The report is a useful reference for SMLE managers to understand the SWOT of SMLEs and the latest trend of development of the industry (1,000 copies).

Advisory Kit – recommended best practices for responding to the changing markets and institutional environment and for tackling the external and internal challenges of SMLEs. The advisory kit is in user-friendly and interactive format especially beneficial to SMLEs as they can apply the best practices to improve SMLE performance. Both the Final Report and Advisory Kit are delivered in print version (3,000 copies). Both documents can also be downloaded from project website.

	Action taken & Beneficiaries	No. of beneficiaries
Promotion of Project Deliverables i.e. Advisory Kit & Final Report	Distribution of the advisory kit & final report to seminar attendees	100
	Distribution of the advisory kit & final report to FHKI members, affiliated trade associations & supporting organisations	As of 31 Dec 2013 550
	Distribution of the advisory kit & final report to all interviewees and interested parties in Hong Kong and PRD	As of 30 Jan 2014 About 200
	Free download of the advisory kit & final report on project website (http://www.cuhk.edu.hk/proj/sme-logistics/report.html)	Number not known
Total No. of Beneficiaries		850

Actual Benefits to SMEs/Enterprises

(Please indicate *in clear, specific, tangible and quantifiable terms* the benefits of the project and its contribution to enhancing the competitiveness of Hong Kong's SMEs / enterprises in general or SMEs / enterprises in specific sectors / assist Hong Kong enterprises in general or in specific sectors in developing brands, upgrading and restructuring business operations, and promoting domestic sales in the Mainland, in not more than 400 words.)

A summary of the study:

In response to the internal and external challenges faced by Hong Kong SMLEs, this study provided four key strategies (including Breakthrough strategy, Adjustment strategy, Seeking Strategy and Respect Strategy) and one short term strategy (a short-term PRD strategy). The study also provided valuable experiences and suggestions from the industry players. All suggestions and findings were stated in the content of Advisory Kit and Final Report.

No. of Beneficiaries:

As stated in 2.1, promotion via different channels were done to arouse the awareness of public on the project deliverables. Two print advertisements allowed the deliverables to go public on 18 Feb and 22 Feb 2013 in Tai Kung Pao and Hong Kong Economic Times respectively involving a total of 198,500 readerships. A print advertisement to promote the project deliverables was also placed in Hong Kong Industrialist (March 2013 issue) which reached 35,000 readerships.

The Advisory Kit and Final Report were distributed to audiences in the Press Conference and the fourth seminar - Seminar on Change & Innovation - The Key to Success on 27 Nov 2013. About 130 seminar participants and reporters received the deliverables, and had direct dialogue with research team and seminar speakers, all are experienced players in the logistics field.

To make it available to target audiences, both hard and soft copies of the Advisory Kit and Final Report were distributed via different channels such as the supporting organisations and the World SME Expo etc. As of 31 Dec 2013, there were at least 550 target companies receiving the deliverables (those who have downloaded soft copy from the project website were not included).

All interviewees, both in Hong Kong and PRD, received at least one complimentary set of Final Report and Advisory Kit. The research team received phone calls from logistics companies and institutes requesting for free copies of Final Report and Advisory Kit. About 200 sets were distributed as of 30 January 2014. Positive comments and attention were received from both SMLEs and municipal governments in PRD.

Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

<u>Milestone</u> (as set out in the approved project proposal appended to the project agreement)	<u>Original target completion date</u>	<u>Revised target completion date</u> (if applicable)	<u>Status</u> (C/D/N) #
(a) Results of Background study	28/02/13		C
(b) Awareness Seminars 1 and 2	4/12/2012 and 6/12/2012		C
(c) Design and prepare for the Sectoral In-depth Interviews and Follow-up Case Studies (Part I)	15/01/13		C
(d) Complete Sectoral In-depth Interviews and Follow-up Case Studies (Part I)	15/07/13		C
(e) Submission of Progress Report	31/03/13		C
(f) Complete PRD interviews	16/3/2013 – 15/6/2013	16/8/2013	C
(g) Complete Best Practice Analysis and Seminar 3	1/6/2013 - 31/8/2013		C
(h) Finish In-depth Interviews with Government and Follow-up Case Studies (Part II)	1/6/2013- 30/9/2013		C
(i) Draft and final version of Final Report	1/9/2013- 31/10/2013	1/9/2013- End 12/2013	C
(j) Press Conference cum Seminar 4	30/10/2013	Late 11/2013 – Early 12/2013	C

Marketing/Dissemination Activities (in chronological order)

(Please provide details of all completed and on-going promotional and/or dissemination activities for each of the project deliverables. Such activities may include advertisements, seminars, workshops, etc.)

<u>Date/ Period</u>	<u>Description</u>	<u>No. of beneficiaries (SMEs/Enterprises*)</u> *please delete as appropriate
24/11/2012	eDM of Seminar 1 was sent to FHKI members, affiliated trade associations & supporting organisations (Appendix 1)	19,074
30/11/2012	eDM of Seminar 2 was sent to FHKI members, affiliated trade associations & supporting organisations (Appendix 1)	19,074
4/12/2012	Awareness Seminar 1 香港海運、空運與快遞門類物流中小企的挑戰與前景	40
6/12/2012	Awareness Seminar 2 香港陸路運輸及分發、倉儲/物流中心與支援及輔助服務門類物流中小企的挑戰與前景	40
1/2013	Activity review on Seminar 1&2 in Hong Kong Industrialist (January 2013 issue) (Appendix 2)	35,000
1/2/2013– 28/2/2013	eDM or Direct mailing of project leaflet to FHKI members, SMLEs, supporting organisations, affiliated trade associations (Appendix 3)	20,276
4/2/2013	Presentation in Hong Kong Sea Transport and Logistics Association board meeting	14
6/2/2013	Presentation in Qualifications Framework, VTC board meeting (Logistics related)	11
18/2/2013 and 1/3/2013	Print advertisement promoting the project in Tai Kung Pao (Appendix 4)	197,000
21/2/2013	Presentation in Hong Kong Association of Freight Forwarding and Logistics board meeting	17
22/2/2013	Print advertisement promoting the project in Hong Kong Economic Times (Appendix 5)	100,000
27/2/2013	Presentation in Transport Logistic Training Board, VTC board meeting	20
3/2013	Advertisement in Hong Kong Industrialist (March 2013 issue) to promote project deliverables (Appendix 6)	35,000
23/7/2013	eDM and direct mailing of leaflets of Seminar 3 were sent to FHKI members, affiliated trade associations, supporting organisations and interviewees etc (Appendix 7 and 8)	20,276
8/2013	Report of the project in Hong Kong Industrialist (August 2013 issue) (Appendix 9)	35,000
8/2013	Report of the project in FHKI Annual Report (Appendix 10)	35,000
01/08/2013 to 23/08/2013	Banner ad on FHKI's website hyper-linked to project website to promote the seminar (http://www.cuhk.edu.hk/proj/sme-logistics/activities.html)	Number not known
6/8/2013 and 20/8/2013	Print advertisement promoting seminar 3 in Tai Kung Pao (Appendix 11)	197,000
7/8/2013	e-newsletter via TID SUCCESS promoting the seminar 3	-

8/8/2013	Print advertisement promoting seminar 3 in Hong Kong Economic Times (Appendix 12)	100,000
23/8/2013	Seminar 3 「為香港物流業中小企尋找生存之路—從電子商貿平台中獲取機遇」研討會	90
9/2013	Report of Seminar 3 in Hong Kong Industrialist (September 2013 issue) (Appendix 13)	35,000
26/9/2013	Promotion in Asian Logistics and Maritime Conference 2013 website (Appendix 14)	-
28/10/2013	eDM and direct mailing of leaflets of Seminar 4 were sent to FHKI members, affiliated trade associations, supporting organisations and interviewees etc (Appendix 15 and 16)	20,276
28/10/2013 to 27/11/2013	Banner ad on FHKI's website hyper-linked to project website to promote the seminar (http://www.cuhk.edu.hk/proj/sme-logistics/activities.html)	Number not known
11/2013	Advertisement in Hong Kong Industrialist (November 2013 issue) to promote seminar 4 (Appendix 17)	35,000
5/11/2013 and 22/11/2013	Print advertisement promoting seminar 4 in Tai Kung Pao (Appendix 18)	197,000
12/11/2013	Print advertisement promoting seminar 4 in Hong Kong Economic Times (Appendix 19)	100,000
13/11/2013	e-newsletter via TID SUCCESS promoting seminar 4	-
27/11/2013	Press Conference cum Seminar 4 物流中小企業「主動應變 尋求革新」研討會	130
12/2013	Activity review on Seminar 4 in Hong Kong Industrialist (December 2013 issue) (Appendix 20)	35,000
01/2014	Report of Seminar 4 in Hong Kong Industrialist (January 2014 issue) (Appendix 21)	35,000
Total no. of beneficiaries		: 1,270,338

Future Plan for Promoting the Project Deliverables

Website, eDM and Fax to members; distribute advisory kit and final report in expos