

6.0 RECOMMENDATION ON STRATEGIES FOR SMI

This section will attempt to recommend some strategies for food industries to capture the different opportunities. In this segment, the discussion will be targeted at strategies for SMI.

The issues pertinent to the SMI are as discussed earlier. The dependency on small number of customers put pressures on supplier's profit margin, the competitive market challenges their ability to grow. SMI would need to upgrade their technology skills to enable their products to be acceptable world wide as the border breakdown.

Some of the strategies that SMI can adopt are: -

Form strategic alliances with MNC.

One example it by binding with contracting works with MNC. Many MNC are looking at outsourcing some operation that are not cost effective or high value added for them, this pose an opportunity for SMI. Unlike in the developed countries or bigger plants locally where the production lines are for single production, in Asia especially in small medium scale industries, production line are normally multiple functional in order to meet up with the flexibility of smaller volume and bigger variety.

By binding with MNC, the SMI can gain technology skill while upgrading their standards in quality. To many, it also serves as a reference of their work and self-promotion for their future assignments with other firms.

A big investment in money and time will be needed if one it to starts ones brand. Realising the limitation, there are food companies in Malaysia whose core business in contract manufacturing for others.