

## Building Competitive Strength of MSMEs

### Perspectives on IPR

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## Introduction

- MSMEs are the engines of growth of any economy
- Thus it is imperative to make them as competitive as possible
- This can be achieved by a number of ways
- One most important one is through Quality Tools
- Which is the broad theme of our conference- "Enabling MSMEs to be Competitive through Quality Tools"
- If we combine the quality factor with some other crucial factors, we will be "Building the Competitive Strength of MSMEs" many fold

## Defining Competitiveness

- This precisely is our topic of discussion at hand
- What exactly is competitiveness?
- It is broadly defined as "the ability of producing goods & services meeting international standards and standing the test of international markets"
- But is it something that once achieved stays forever, valid for all times to come?
- It is something that needs working at...continuously....at all points of time
- Something to be continually improved upon
- So, we need to follow the Japanese concept of "Kaizen" for continuous improvement
- Incident :

## Changing Scenario

- Globalization, followed by Global Recession have shrunk the world into a global village which is increasingly becoming interdependent
- The effects of both phenomena being truly global!
- Recession being melting down of the world economy, Globalization, is nothing but melting of boundaries and barriers across countries continents & cultures
- Disappearing boundaries, whether national, geographical or cultural, result in free flow of goods, services, knowledge and information within or across different borders

## Intangibles.....

- With these changes, and in this age of knowledge based economies, all competition is driven by this important entity called "knowledge"
- This has become a valuable commodity to be traded in to one's economic advantage, more so in the current crisis.
- Focus has shifted from possession of an enterprise's tangible assets to its intangible ones
- For M/SMEs, it is the possession of the latter which has become more crucial in determining their competitive edge in the current regime.

## .....Intangibles

- Tangible assets like buildings, property, machines, factories, land etc. were more important in the olden times
- But now, it is intangible property such as knowledge, creative genius, innovation potential or brand name which have more value
- It is the likes of inventions, new designs, brand name, logo, paintings, artistic works, written compositions, any form of creativity etc. which prove to be more valuable

## Intellectual Property

- These intangible assets are called the Intellectual Property or IP
- Simply put, Intellectual Property is nothing but the creations of the mind
- In the context of M/SMEs, right from the business plan to the new product to the company brand name and logo, everything comes within the ambit of Intellectual Property
- Now with recession having taken the world by storm, IP assumes all the more significance

## Intellectual Property Rights....

- Intellectual property Rights (IPRs) are the rights of the creator over his creations /IP
- They are exclusive rights and are valid for a certain fixed duration of time
- All IP rights follow different time periods of validity.
- There are a number of legal mechanisms for protection of IPRs, depending on the category of rights to be protected
- Examples of IPRs are Patents, Industrial Designs, Trade Marks, Utility Models, Trade Secrets Geographical Indications, Copyrights etc.

## .....Intellectual Property Rights

- Depending on “what” kind of creativity is to be given protection, the appropriate mechanism can be used
- There are different methods of registration of the IP Rights
- Each of the rights has a certain fixed duration of protection
- IP Rights can be assigned, sold, licensed, or mortgaged, like any physical property
- Therefore they have a great commercial value for the creator

## The Different IPRs

- Patents – for inventions
- Industrial Designs – for designs
- Trade Marks – for distinguishing marks
- Trade Secrets –for confidential information
- Geographical Indications – for typical regional products
- Copyrights – for artistic, literary, scientific or musical creative works
- Plant Variety Protection – for new plant varieties
- Utility Models- for minor improvements
- examples

## IPRs for MSMEs

- MSMEs should improve their business prospects through creation of Intellectual Property
- Also, to stay ahead in business, protection of the enterprise's intellectual assets is absolutely essential
- Demistify IPRs- not synonymous with Patents
- Patents maybe a slightly costly affair and may not be suitable for a particular enterprise
- MSMEs can use IPRs such as Trade Secrets, Trade Marks, Industrial Designs or Petty Patents as tools to mitigate the effects of the financial meltdown, leveraging IP for business & development

## Management Systems for IPRs

- The increasing significance of knowledge capital entails intelligent management of IP and IP rights
- MSMEs should have a systematic IP strategy in place if they are to be competitive
- Just like we have QMS for quality, I suggest enterprises to devise a ‘KIPMS’ for management of knowledge & Intellectual Property within the enterprise
- Managing IP assets is crucial
- To achieve this, the business can create a position of a CKO to look after these matters

## IPR Awareness for MSMEs

- Within the company, IPR awareness and training will enable it to be on an '*IP high alert*', tracking global innovations, inventions and technological advancements
- Awareness will also enable it to maintain an IP portfolio
- Serious awareness campaigns and training in the area of IPRs for M/SMEs should be put on top priority
- Because till an enterprise knows it has any IP, or what is the kind of IP it has, it surely cannot protect it leave alone leverage it to its economic gain

## IP Intelligence

- So, the catch lies in realizing that there is a problem
- There are in fact two facets to the problem
- One, if the enterprise has any Intellectual Property (which of course it does, but may not know), someone else maybe misusing it, exploiting it to their advantage
- Two, it may, unknowingly be stepping on someone else's '*IP Toes*' by infringing upon their IP rights
- Both ways, it loses
- Business in the first case and money & maybe reputation in the second

## IPR Training

- All this awareness is not going to happen unless and until we take IPR training very seriously
- Whether it be a Micro, Small or Medium enterprise, lack of awareness about Intellectual Property amongst these is a major hurdle to their growth
- Training on these matters is of utmost importance
- The Government too has come up with schemes on IPR awareness creation and training amongst enterprises
- These steps will enhance the competitiveness of any enterprise

## Government Scheme on IPRs for MSMEs

- Under the NMCP (National Manufacturing Competitiveness Programme) there is a scheme of "Building Awareness on Intellectual Property Rights (IPRs) for Micro Small & Medium Enterprises (MSMEs)
- There are provisions for Awareness & sensitization programmes on IPRs
- Provision for setting up IP Facilitation centres for MSMEs
- Assistance for grant on Patent/GI registration

## Quality, IPRs, Responsible Business & Competitiveness

- Apart from providing customers/consumers with genuine, high quality products & services, MSMEs also need to follow the norms of a "Responsible Business"
- For this they need to adhere to Social, Environmental & Ethical Compliance norms & standards
- This will enhance not only the reputation but also the Competitiveness of businesses
- NVGs for RB had been launched by the MCA in July last year. These also include respect for IPRs
- Thus for MSMEs, being IP savvy is very crucial for survival- domestically & internationally

## 'IPR and Patenting infrastructure for M/SMEs'

- Though IPR awareness is still in its nascent stages in India, but in the international IP arena, most nations are expert players in this field, using IPRs to their full economic benefit
- Thus I feel there is an utmost urgency for an '*IPR and Patenting infrastructure for M/SMEs*' in India
- This could be at 3 levels- within the enterprise, an intermediation structure and a regulatory and enforcement framework
- MSMEs should have a systematic IP strategy in place if they are to be competitive

## Competitive Strength Through IPRs

- Investing in R&D, Technology & Innovation will go a long way in building competitiveness
- Innovative & Niche products can command premium pricing if the relevant IP is protected
- Apart from managing the company's IP, MSMEs should use Technology as a differentiator and value other's IP too
- They can seek IP based Technology by paying royalty to acquire cutting edge Technology from other countries to enhance competitiveness

## Finally

- Competitiveness of MSMEs depends of a number of factors
- Quality, IPRs, Responsible Business practices, Social Compliances & Standards
- Basically it is all about the ability to deliver high quality, value-added, niche products which are competitively priced
- This is possible if the enterprise exploits its IP intelligently
- IPRs are the competitive strength of MSMEs, only they have to realize this fact and build upon them!
- Motto for success:—*'work hard, create & innovate harder, protect your IP still harder'*

*Thank You*