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## Moment of the Month



*Ms. Lenny Agustin, prominent fashion designer interested in prototype products from Mojokerto*



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## SPECIAL TOPIC ~ Technical guideline for local industry facilitation

As the most important output of the technical cooperation project of SMIDeP, both DG-SMI and the Expert Team will prepare the work model and technical guideline for the facilitation of the local industry development, based on the approach and lessons experienced during the course of SMIDeP at several target industries and regions. As seen in the facilitation cases in our target industries, the SMIDeP approach has created success cases such as ship-component and cacao processing industries and has been still facing challenges ahead such as rattan furniture industry, however both revealing good practices, tips and lessons learned. These shall be reflected into this work model and technical guideline.

The work model together with technical guideline shall be prepared, aiming at i) improving the current practices of local industry development (focusing on *sentra* development, along with the program currently under preparation by DG-SMI) by the local governments and DG-SMI, and ii) socializing such improved practices to other than target regions of the SMIDeP. Activities necessary for the preparation of the work model and technical guideline have been already commenced since May 2015. The Expert Team has commenced the activities with the formation of the guideline team responsible for this work, which comprises of the staffs of DG-SMI (members of the PIU) at the working level and DG for Industrial Region Development (DG-IRD).

### Proposed Elements of the Work Model and Contents of Technical Guideline

The Expert Team and the guideline team both discussed so far that the composing contents/ factors of the work model include **i) implementation set-up** (made up of the Working Group/ facilitators in region with support-staffing at DG-SMI side), **ii) steps/ method for local industry development** (planning, implementation, monitoring and evaluation of the Action Plan for local industry development), and **iii) support resources information** (support institution directory). The contents of the technical guideline are tentatively proposed as follows;

Chapter 1 Introduction	1.1	Background and Rationale
	1.2	Objective and Scope of the Guideline
	1.3	Definition and Understanding
Chapter 2 Structure for Facilitation	2.1	Platform of Industry Sentra Development
	2.2	Formulation of the Working Group
	2.3	Placement of the Facilitator
	2.4	Guidance by DG-SMI
	2.5	Facilitation Training
Chapter 3 Facilitation for Implementation	3.1	Overall Step for Implementation of Industry Sentra Development
	3.2	Industry Diagnosis by Stakeholder and Supply-chain Analysis
	3.3	Action Plan for Industry Sentra Development
	3.4	Facilitation for Action Plan Implementation
	3.5	Monitoring, Evaluation and Reporting for the Action Plan Implementation
Chapter 4 Support Resource Information	4.1	Support Resources for Industry Sentra Development
	4.2	Profile Survey for Regional Support Institutions
	4.3	Facilitations and Funding Scheme available to Regional Government

In order to prepare the workable model/ guideline in the context of Indonesian administrative system and capacity, the Expert Team has been obtaining the opinions and feedbacks from the counterparts at various levels, through i) evaluating the SMIDeP approach by each local working group at target industries, ii) interviewing the PIU members, and iii) organizing a series of discussion meeting with the guideline team. The Expert Team and DG-SMI have been working for this task with the shared intention that the technical guideline be utilized as a reference guide for the newly scheduled program for sentra development by DG-SMIs from the next year. Accordingly, the dissemination opportunities are to be scheduled in this year end and/ or the next year in view of widely sharing the experiences of the SMIDeP facilitations of local industry development and introducing the outputs of this work model and technical guideline with other regions than target ones.



Draft Technical Guideline

## PROJECT NEWS ~ Third Joint-coordinating Committee (JCC) for the Project Review

Chaired by the secretary for DG-SMI, the third JCC was convened on 16 June 2015 in order to review the progress/ achievements of the overall Project activities and Local Industry Action Plans in the target industries/ regions, and share the activities in detail for the preparation of the work model and technical guideline during the remaining period of the Project. The JCC recognized both facilitation cases of ship-component and cacao processing industries as success model to be further replicated to other regions, and confirmed the work plan and the contents of the work model/ technical guideline for local industry development. It is further reminded upon the JCC that this technical guideline shall reflect SMIDeP approach and its associated good practices/ lessons in view of ensuring the better design and facilitation of the DG-SMI's program for sentra development which will be commenced in the next year.



## Region I: Aloe Processing Industry in Pontianak

In July 2015, the technical guidance of the Good Manufacturing Practice (GMP), as one of the most significant support activities to achieve the challenge action of the industry's Action Plan, was commenced with support resource from the Directorate General of SMI (DG-SMI) targeting the three pilot SMIs. As the first step, the experts dispatched by DG-SMI visited those SMIs for on-site consultation, and performed the gap analysis to compare the current situation of the production practices of the target SMIs to the standards required for GMP certification. The target SMIs have been taking various measures to eliminate those gaps identified through the analysis, while will receive the experts' guidance on the documentation and implementation of adequate production practices according to the GMP standards.



On-site consultation by experts

## Region II: Footwear Industry in Mojokerto

The LWG has commenced the "Model Product Development Support Program" in March 2015, where 20 SMIs are expected to be capable of market development along the standard process of product development, and to be model SMIs in the industry. The Program proposed the guidance on market study/ target segmentation, product design training, financial support for prototype work, provision of market test opportunity, and intends to develop the marketable products which meet the preferences of target segments (urban college students and young salary workers). Following the design training and initial prototype work, six (6) products were exhibited at the exhibition of shoes/ leather products held in Jakarta in last July. One of the prototypes received the award, and several buyers have been making inquiries to the prototypes. Further, Ms. Lenny Agustin, a well-known designer, showed an interest in one of them and has been discussing to merchandize this.



A product awarded in the exhibition

## Region III: Rattan Furniture Industry in Palu

The LWG has prepared a standard operation procedure (SOP) and been conducting the production process audit to the five willing producers. Seven officers from Central Sulawesi Provincial Dinas and Palu City Dinas, consisting of LWG members and *shindan-shi*, have been periodically visiting the workshops of the producers to conduct the audits and follow-up guidance to the audit results. In parallel, the LWG is planning to organize an exhibition of the prototypes manufactured according to the SOP to dispel negative image over the rattan products including a perception that the local rattan furniture is cheap, poor in quality, and thus for use of low-income segment. Further, LWG will launch a PR activity of "rattan furniture of good quality" which introduces the points to be checked by consumers at the time of purchase of rattan furniture. Inspired by this activity, Central Sulawesi Provincial Dinas has decided to apply the SOP preparation and the process auditing to other industries starting from the next year.



Production process auditing by LWG

## VOICE ~ Diskoperindag Mojokerto City, LWG for Footwear Industry



LWG for footwear industry in Mojokerto, led by the head of Diskoperindag, Mr. Soemarjono (center) and supported by each head of division/ secretariat.

The Action Plan for Mojokerto footwear industry development was formulated to solve current issues faced by SMIs, which are lack of regeneration and skilled workers in the industry, limited availability of raw materials, poorly controlled product quality, stagnant market expansion, and technical innovation. Collaboration and coordination among the stakeholders need to be improved, particularly among LWG members in facilitating the proposed support activities in an integrated manner to achieve the challenge action, that is: developing SME's model to enhance product quality and competitiveness through good production practices as well as to strengthen SME competency in developing suitable product for targeted potential market segment.

Currently, LWG and related stakeholders are conducting various support activities, such as: socialization of SNI/ ISO-based quality management, SOP coaching for product quality and entrepreneurship management improvement, training on upper stitching for potential workers, business matching for market expansion, and etc.

In addition, new initiatives are also taken in delivering support activities to SMIs, as seen in technical guidance of 3S introduction, model product development. Technical guidance of 3S was assisted by an expert with hands-on support at SMI workshops.

Model product development program has been under facilitation in collaboration with

Ciputra University and APRISINDO, where SMIs learn about the standard process of product/ market development, starting from market survey/ profiling, product concept/ design work for target market segment, prototyping, up to market/ promotion test. One of the constraints faced during facilitating support activities is that it is difficult to modify our budget flexibly in accordance with the needs observed during the Action Plan formulation. Accordingly, we try to adjust the content of our programs to match with the proposed needs. In order to ensure the coordination among the stakeholders, we will make an addendum to the Mayor's decision letter, which then describes the tasks and responsibilities of each member institutions, for instance human resource development shall be handled by Dinas Labor and APRISINDO, meanwhile business management improvement shall be taken care by Ciputra University, etc. LWG is expected to become a platform for stakeholders' collaboration and identification of support resources held by those stakeholders so that the goal of the Action Plan, i.e., the road map of our core-competence be realized in successful manner.