



The 9<sup>th</sup> International Science, Social Science, Engineering and Energy Conference's e-Proceeding

**Promoting agricultural based SMEs for clustering, branding and good practices  
for sustainable community: An "Udon Thani" case study**

Veeraphat Kritthanathip<sup>1,3</sup>, Senee Suwande<sup>2</sup>, Ithikorn Khamdej<sup>1,3</sup>, Ingorn Tanphan<sup>4</sup>,  
Suttiwan Kanlaya<sup>1,5</sup>, Nungruthai Timyaingam<sup>1,6</sup>, Pongthon Roongcharoen<sup>1</sup>, Prathom Sutthiroj<sup>7</sup>, Apichart  
Thavewat<sup>7</sup>, Thanaporn Suesuan<sup>1</sup>, Leng Parnvichain<sup>1</sup>, Pongpan Punlertwongsakul<sup>8</sup>, Ratana Kun<sup>9,10</sup>,  
Pornchanok Rawengs<sup>11</sup>, Thanawut Wongdechathon<sup>1</sup>, Suriyan Cha-um<sup>1</sup>

<sup>1</sup>Innovation and FreeTrade Business Institute (IFBI), Kasem Bundit University, Suan Luang, Bangkok 10250 Thailand

<sup>2</sup>Vice President for Planning and Development, Kasem Bundit University, Thailand

<sup>3</sup>Prof. Ph.D Program on Public Policy and Management Graduate School, Kasem Bundit University, Thailand

<sup>4</sup>Graduate School, Kasem Bundit University, <sup>5</sup>Faculty of Business Administration, Kasem Bundit University, Thailand

<sup>6</sup>Faculty of Engineering, <sup>7</sup>Faculty of Architecture, <sup>8</sup>Public Relations Department, Kasem Bundit University, Thailand

<sup>9</sup>Doctorate Degree Program, Public Policy and Management, Kasem Bundit University, Thailand

<sup>10</sup>MeanChey University, Cambodia

<sup>11</sup>Department of Trade Negotiation, Ministry of Commerce, Thailand

---

**ABSTRACT**

Organic farming has been identified as effective products not only for the consumer but also for the producer, which are move-forward with environmental sustainability policy. Based on this issue, governor of Udon Thani province kick-off this event as the major policy on "A major hub of organic products in North East region of Thailand". The objective of this study was to select the model SMEs, regulate the best practices in business in term of novel product development, BMC validation, branding, packaging and launching novel products to nation markets. The agricultural sectors i.e. rice producer, animal farming system, fisheries and mushroom grower were conjoined as well as the SMEs (in term of OTOP) were initially processed in the small scale as community provider, expanded products to other provinces. In addition, the organic premium products with meet requirements of Food and Drug Administration (FDA grant number in case of food products) were launch into modern trade supermarket as the real business sector with real competitiveness. In conclusion, the government policy, strategic planning, implementation and perception of social community may play a critical role as major key success of business atmospheres.

**Keywords:** *Best practices, business planning, environmental friendly policy, organic products*

---

## 1. Introduction

In 2013, total number of SMEs, 2.76 million enterprises in Thailand has been reported, leading to gain the net income for 4,450 billion THB or 37.4% GDP [1]. Therefore, the number of SMEs and GDP sharing is still sustained in statistical reports [2,3,4,5,6]. The key successes of SMEs compose of 1) SME characteristics, 2) entrepreneur characteristics, 3) overall management, 4) customers and markets, 5) products and services, 6) business strategic policy and cooperation, 7) resources and finance, and 8) external environments [7]. On the other hand, there have a large barrier in agricultural SMEs to be enhanced the knowledge management, infrastructure, marketing and innovation [8,9,10]. Organic farming has been well established not only for the consumer but also for the producer, which are identified as supply chain to be set as environmental sustainability policy. Based on this task, a governor of Udon Thani province kick-off the major policy on “A major hub of organic products in North East region of Thailand”. The objective of this research is to selected the model SMEs, regulate the best practices in business in term of novel product development, BMC validation, branding, packaging and launching novel products to real markets.

## 2. Methodology

### 2.1 Evaluation scoring assay

Target SMEs in several provinces i.e. Udon Thani, Nakron Rachaseema, Chiang Rai, and Kampangech were surveyed and score ranked in 4 strength strategies as 1) SMEs membership and registered practices, 2) Product readiness, 3) Market channel and distribution systems and 4) Best practices in overall management strategies. The highest score SMEs was selected to promote in the issues of product development, brand and logo creation, packaging, e-commerce learning and opened new markets in both traditional and modern-trade channels.

### 2.2 Business Model Canvas (BMC) implementation

Business model canvas (BMC) was chosen as a novel tool to improve the overall targets and management strategies. The weakness in SMEs cluster verified and made the best solution in each member. In addition, the prototype of novel product, brand and logo

creation, package labeling, standardization and opened new markets in both traditional and modern-trade channels were implemented.

### 3. Results and Discussion

The highest score of organic farming SMEs in Udon Thani was demonstrated (3.76 score or 94%) subsequently rice food products in Kampangech was a second with 3.66 score (Table 1). Organic farming SMEs with certified IFOM in DOA Thailand was guaranteed the final products of the membership in Udon Thani. In addition, there was lacking on the value-added novel products with the solid marketing strategies [9]. Brain-storming, product positioning, market partner survey, site visiting and business planning in each leader group were done. Then, the workshops together with SMEs providing the basic knowledge on business competitiveness [10] were done in term of creative novel product, branding/logo, package labeling, nutritional composition assay (Fig. 1), and BMC validation and implementation (Fig. 2) as well as product comments and recommendation by stakeholders in the supply chain (Fig. 3) prior to launch the products into the markets.

**Table 1** Score in each SMEs at Udon Thani, Nakron Rachaseema, Chiang Rai, and Kampangech provinces. Data represents base on 9 expert committee scoring.

Provinces	Registered SMEs	Product readiness	Market channels	Best practice managements	Mean score
Chiang Rai	3.25	2.88	2.59	2.68	<b>2.85</b>
Kampangech	3.44	3.81	3.90	3.48	<b>3.66</b>
Nakron Rachaseema	2.44	2.69	3.05	2.79	<b>2.74</b>
Udon Thani	3.84	3.94	3.86	3.38	<b>3.76</b>



Fig. 1 Prototype of novel product, brand/logo and package labeling of organic SMEs products of Udon Thani model of good practices.

<p><b>Key Partner: KP</b></p> <ul style="list-style-type: none"> <li>- Governments</li> <li>- Bank financial</li> <li>- Distributors</li> </ul>	<p><b>Key Activity: KA</b></p> <ul style="list-style-type: none"> <li>- Material stock</li> <li>- Processing and sale</li> </ul> <p><b>Key Resource :KR</b></p> <ul style="list-style-type: none"> <li>- Organic farming membership</li> </ul>	<p><b>Value Position: VP</b></p> <ul style="list-style-type: none"> <li>- Organic products</li> <li>- Premium grade</li> </ul>	<p><b>Customer Relationship: CR</b></p> <ul style="list-style-type: none"> <li>- membership and make to order</li> </ul> <p><b>Channel: CH</b></p> <ul style="list-style-type: none"> <li>- traditional trade</li> <li>- modern trades</li> </ul>	<p><b>Customer Segment: CS</b></p> <ul style="list-style-type: none"> <li>- local traders</li> <li>- hotel and restaurants</li> <li>- government sectors</li> <li>- hospitals</li> </ul>
<p><b>Cost Stream :CS</b></p> <ul style="list-style-type: none"> <li>- organic seeds</li> <li>- marketing budget</li> <li>- labour cost</li> </ul>		<p><b>Return of investment</b></p> <ul style="list-style-type: none"> <li>- income</li> </ul>	<p><b>Revenue Stream: RS)</b></p> <ul style="list-style-type: none"> <li>- organic product cost</li> <li>- net income</li> </ul>	

Fig. 2 Business Model Canvas (BMC) of organic SMEs at Udon Thani province.



**Fig. 3** Product comments and suggestion by stakeholders in the supply chain.

#### 4. Conclusion

Process of SMEs development can using triangle strategic policies which are SMEs, academic sectors and government strategies. There have been well established as pyramiding project. In addition, the selection criteria for best practices of SMEs using the ranked score was a good channel, leading to find the model SMEs to be lift-up the competitiveness. Subsequently, the basic knowledge of novel product development, branding and packaging as well as gaining the requirements from stakeholders were implemented based on BMC tools prior to launch the product in the real market.

#### Acknowledgements

The authors would like to sincerely thank to the Department of Trade Negotiation (DTN), Ministry of Commerce for funding source and Eddie Lun for grammatical checking.

## References

- [1] Punyasavatsut, C. (2008) SMEs in the Thai manufacturing industry: Linking with MNES. In Lim, H. (ed.), **SME in Asia and Globalization**, ERIA Research Project Report 2007-5, pp. 287-321.
- [2] Tambunan, T. (2008) Development of SME in ASEAN with reference to Indonesia and Thailand. **Chulalongkorn Journal of Economics**, 20, 53-83.
- [3] Wiboonchutikula, P. (2002) Small and medium enterprises in Thailand: Recent trends. **Small Business Economy**, 18, 213-226.
- [4] Charoenrat, T., & Harvie, C. (2013) Technical efficiency of Thai manufacturing SMEs: A stochastic frontier analysis. **Australasian Accounting, Business and Finance Journal**, 7, 99-121.
- [5] Charoenrat, T., & Harvie, C. (2014) The efficiency of SMEs in Thai manufacturing: A stochastic frontier analysis. **Economic Modelling**, 43, 372-393.
- [6] Charoenrat, T., Harvie, C., & Amornkitvikai, Y. (2013) Thai manufacturing small and medium sized enterprise technical efficiency: Evidence from firm-level industrial census data. **Journal of Asian Economics**, 27, 42-56.
- [7] Chittithaworn, C., Islam, A., Keawchana, T., Yusuf, D.H.M. (2011) Factors affecting business success of Small & Medium Enterprises (SMEs) in Thailand. **Asian Social Science**, 7, 180-190.
- [8] Kubíčková, L., Votoupalová, M., & Toullová, M. (2014) Key motives for internationalization process of small and medium-sized enterprises. **Procedia Economics and Finance**, 12, 319-328.
- [9] Tsekouropoulos, G., Andreopoulou, Z., Koliouka, C., Koutroumanidis, T., Batzios, C., & Samathrakis, V. (2013) Internet functions in marketing: multicriteria ranking of agricultural SMEs websites in Greece. **Journal of Agricultural Informatics**, 4, 22-36.
- [10] Klerkx, L. & Leeuwis, C. (2008) Matching demand and supply in the agricultural knowledge infrastructure: Experiences with innovation intermediaries. **Food Policy**, 33, 260-276.