

EXECUTIVE SUMMARY

Akvil Consultancy (Pvt) Ltd., incorporated under the Companies Act No. 07 of 2007, by three promoters with a vision 'To drive every small and medium enterprise in Sri Lanka backed by a well-developed business model aligning with a full blown business strategy', is an outcome of management skills project under the Master of Business Administration Degree Programme of the Postgraduate Institute of Management.

Many companies in Sri Lanka as well as in the world have started-up their businesses in small scale, except handful of companies. Though the SME sector was neglected during 1950s and 1960s, the industrial revolution gave more attraction to the small and medium sector, as it was considered the engine of growth of any economy. In Sri Lankan context, the small and medium enterprises account for 80 percent of the business entities. Approximately 35 percent of industrial employment is generated through small and medium enterprise. The contribution to the Gross Domestic Production of Sri Lanka by the small and medium sector shows an increasing trend and the contribution is just above half a percent. Thus small and medium sector is the real backbone of the Sri Lankan economy and it deserves the recognition as an important strategic sector for generating economic growth, the innovation mechanism and reducing unemployment, inequality and poverty in the country.

The small and medium sector in Sri Lanka faces major obstacle, which hinder the growth of the small and medium enterprises and lead to failure of small and medium enterprises. The prime obstacle is the accessibility to finance. According to the findings of a research, the viability of small business and obtaining bank loan are positively correlated. True and innovative managerial skills create a successful business entity. Another obstacle is the lack managerial skills, which hampers the growth of small and medium sector in Sri Lanka. The lack of finance and managerial skills, pave the way to most of small and medium enterprises in Sri Lanka to deploy obsolete technologies, which leads to increase in cost, low productivity and deteriorate the quality and market competitiveness.

The small and medium sector is essential to be dynamic, robust, and innovative and technologically driven to be responsive to the global competitiveness, while existence of entrepreneurial culture in which the role of small and medium enterprises is recognized and respected by the policy makers, administrators and others involved in small and medium enterprises development, is vital.

The Macro-economic Policy in Sri Lanka highlights the necessity of appropriate support measures to address the vital issue confronted by the small and medium enterprises to compete and build own position in the market. As a measure, the Macro-economic policy in Sri Lanka proposes to build an enabling environment, where opening access to small and medium enterprises for information and consultation. The National Human Resources and Employment Policy in Sri Lanka reaffirms the measures given by the Macro-economic policy and further pointed out opportunities for business development services together with providing necessary consultancy on managerial skills for small and medium entrepreneurs in Sri Lanka. The Budget Proposal 2014 has given a strong focus on developing the small and medium enterprises, proposing to provide needy infrastructure.

The project idea nurtured in the minds of the promoters, while reading for the Master of Business Administration Degree programme, was implemented as Akvil Consultancy (Pvt) Ltd., is a feasible business entity, which offers the value proposition of ‘professional business consultancy for small and medium enterprises for continuous business development to be competitive in the market’.