

# SME

## THE PET BUSINESS



+  
PROTECT AND RECOVER  
FROM RANSOMWARE

+  
MEGATREND:  
DISRUPTION

A PUBLICATION OF:  
Business  
Media  
International

ISSN 2289-134X



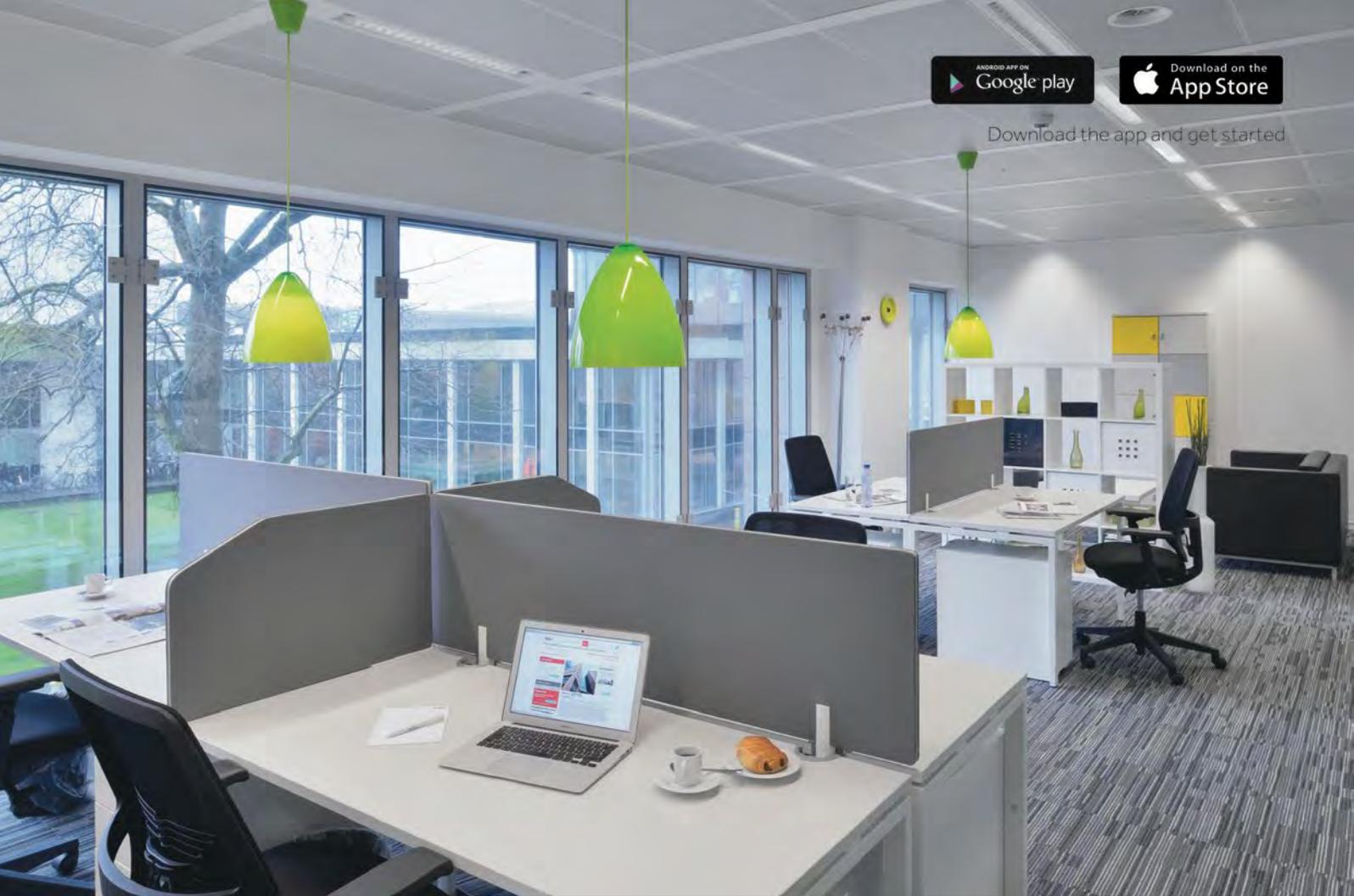
JUNE 2017  
MALAYSIA  
EDITION  
RM 5.30  
(Inclusive of 6% GST)

PP15304/06/2013(032762) MICA (P) 095/07/2009

ASIA'S FASTEST GROWING BUSINESS MAGAZINE



Download the app and get started



# Office space in Malaysia that saves you money

Get office space with everything included – from a receptionist to access to our global network of 3000 locations. It's all covered by one simple price, and you only pay for the space you use.

**Visit one of our 28 locations in Malaysia and we'll show you how.**

1800 881 483 | +603 2168 4300 [regus.com.my](http://regus.com.my)



# SF Express

DEDICATED FOR CROSS BORDER E-COMMERCE SOLUTIONS  
EXPANDING YOUR BUSINESS WORLDWIDE

Canada

United States

Mexico

Brazil

28 European Nations

Mongolia

Mainland China

South Korea

Japan

Myanmar

Macau

Taiwan

Pakistan

Vietnam

Hong Kong

United Arab Emirates

India

Bangladesh

Thailand

Cambodia

Philippines

Malaysia

Singapore

Indonesia

Australia

New Zealand

## Latest Promotion

## SF 24th Anniversary Campaign

### Thank You and Get Ready to Start Afresh

From 15 May to 31 July 2017, all newly opened credit account customers are eligible to participate in the "Ship to Save" accumulative shipments campaign to enjoy the rewards!

For more details, please visit our website or contact our customer service hotline.



☎ 1800 18 3331  
[www.sf-express.com/my/en](http://www.sf-express.com/my/en)





IN SME MAGAZINE THIS MONTH



22

16 **MEGATREND: DISRUPTION**

Disruption is changing the way the world works. Today's businesses, government and individuals are responding to shifts that would have seemed unimaginable even a few years ago. How is this impacting your business and how should you respond?

22 **THE MCDONALD'S STORY**

Love it or hate it; McDonald's is here to stay. This month, we explore the life of one man who made McDonald's the giant it is today.

24 **THE PET BUSINESS**

Surely, the pet business must be booming; considering the massive number pet owners, and the seemingly infinite number of pets? Not necessarily so, as some 'pet-repreneurs' we spoke to testified.

AND MORE...

30 **HOW POLITICAL FORCES SHAPE COST BEHAVIOR IN CHINESE FIRMS**

It's not just market forces that are determining the costs of business.



36 **MOVING AT THE SPEED OF 'WHAT'S NEXT'**

As business models rotate toward subscription services, technical developments would need to keep pace.



48 **PROTECT AND RECOVER FROM RANSOMWARE**

Take actions today before you are hit by the next WannaCry!



51



60



44

## REGULARS

- 04 + NEWS & TRENDING
- 10 + IDEAS BAR
- 12 + EVENTS
- 42 + FRANCHISE
- 44 + TRADE
- 48 + TECHNOLOGY
- 51 + COLUMN
- 60 + LIFESTYLE
- 62 + SCENE & HEARD
- 64 + PERSPECTIVE

## SME

GROUP PUBLISHER / EDITOR-IN-CHIEF Dato' William Ng

EDITORIAL Editor-at-Large Jennifer Lee Associate Editor (Indonesia) Tony Kusuma Assistant Editor (Singapore) Kevin Tan

Writers (Malaysia) Mirosha Genesan, Raja Azura Raja Nazreen Editorial Enquiries/Article Submission [editor@smemagazine.asia](mailto:editor@smemagazine.asia)

DESIGN Apogee Design PHOTOGRAPHY BMI Photo Unit PRINTER BHS Book Printing Sdn. Bhd. (95134 K) Lot 4, Lorong CJ 1/1B, Kawasan Perindustrian Cheras Jaya, 43200 Cheras, Selangor, Malaysia

DISTRIBUTORS MPH Distributors (M) Sdn Bhd, MPH Distributors (S) Pte Ltd, PT Dian Pasifik

MARKETING + BUSINESS DEVELOPMENT Operations Director Dato' Ryan Ooi [ryan@businessmedia.asia](mailto:ryan@businessmedia.asia) Marketing Manager Tan Yong Keat [yongkeat@businessmedia.asia](mailto:yongkeat@businessmedia.asia)Assistant Marketing Manager Gale Seng [gale@businessmedia.asia](mailto:gale@businessmedia.asia) Senior Marketing Executive Kavi Arasu [kavi@businessmedia.asia](mailto:kavi@businessmedia.asia)Marketing Executive Elly Kwa [elly@businessmedia.asia](mailto:elly@businessmedia.asia) Administrator (Indonesia) Nurashah Jamil [amie@smemagazine.asia](mailto:amie@smemagazine.asia)ADVERTISING SALES Account Manager (Malaysia) Eleen Wong [eleen@businessmedia.asia](mailto:eleen@businessmedia.asia) Account Manager (Singapore) Candice Lee [candice@businessmedia.asia](mailto:candice@businessmedia.asia)Account Manager (Indonesia) Richard Sugiarto [richard@businessmedia.asia](mailto:richard@businessmedia.asia)SPECIAL PROJECTS Project Managers Daniel Loo [daniel@businessmedia.asia](mailto:daniel@businessmedia.asia) Sam Hwu [sam@businessmedia.asia](mailto:sam@businessmedia.asia)Michael Jerry [michael@businessmedia.asia](mailto:michael@businessmedia.asia) Victoria Chong [victoria@businessmedia.asia](mailto:victoria@businessmedia.asia)

ADMINISTRATION Senior Finance Manager Kenny Chew Senior Accounts Executive Syarfa Wati Accounts &amp; Customer Service Teejhay Valerio

SUBSCRIPTION ENQUIRIES [circulation@smemagazine.asia](mailto:circulation@smemagazine.asia)

SME IS PUBLISHED BY BUSINESS MEDIA INTERNATIONAL. ALL RIGHTS RESERVED.

Wish To Contact Us?

A PUBLICATION OF:  
Business  
Media  
International

**MALAYSIA** Level 6, Kelana Park View Tower, Jalan SS 6/2, 47301 Petaling Jaya, Selangor, Malaysia [T] +603 7880 3511 [F] +603 7880 3515  
**INDONESIA** Mayapada Tower, 11 Floor, Jl. Jenderal Sudirman Kav. 28 Jakarta Selatan, 12920, Indonesia [T] +62 21 5289 7330 [F] +62 21 5289 7331  
**SINGAPORE** 1 Raffles Place, Tower One, #44-02, Singapore 048616 [T] +65 3158 9809  
**THAILAND** 331, 331/1-3, The Pilot Building, 9<sup>th</sup> Floor, Silom Road, Bangrak, Bangkok 10500 [T] +66 2235 0570 / 1 [F] +66 2636 7519

WWW.SMEMAGAZINE.ASIA

LETTERS TO THE EDITOR must include the writer's name, address and contact number and should be emailed to [editor@smemagazine.asia](mailto:editor@smemagazine.asia). You may include a pseudonym if so desired. Letter may be edited for space and clarity. LOCAL EDITIONS of SME is published in Singapore, Malaysia, Indonesia and Brunei every first week of the month. SME is a publication of Business Media International. CONTRIBUTIONS are welcomed. Text and photos (hi-res, but below 1mb) should be emailed to [editor@smemagazine.asia](mailto:editor@smemagazine.asia) with full contact details. REPRINTS & PERMISSION: reprints can be ordered (minimum 1,000 copies) from the publisher. No part of this publication, including photos and illustrations may be reproduced or used in any way without prior written consent of the publisher.

[www.twitter.com/smemagazine](http://www.twitter.com/smemagazine)[www.facebook.com/smemagazineasia](http://www.facebook.com/smemagazineasia)

SME IS ALSO AVAILABLE AT THE ABOVE OUTLETS (SELECTED LOCATIONS ONLY)



## PUC FOUNDER EMBARKS ON TECHNOLOGICAL DEVELOPMENT

**P**UC Founder (MSC) Bhd has embarked on the next phase of its development by unveiling a new leadership team and reiterating its commitment to its business direction. ACE Market-listed PUC's core business remains in integrated media services, e-commerce, technology and renewable energy.

In addition to introducing the new leadership line-up, Cheong reiterated PUC's commitment in exploring new and viable business opportunities that will benefit the group as a whole. "There is a need for industries to embrace all things digital beyond existing traditional mediums to transform into leading digital players and [that] is where we are headed," he said.



### KEY COMPONENT OF WORLD'S LONGEST CROSS-SEA BRIDGE INSTALLED

**C**hinese engineers installed a 6,000-tonne key part of the world's longest cross-sea bridge, 55-kilometer connects Hong Kong, Zhuhai and Macao on May 2. It includes a 22.9-km bridge and 6.7-km underground tunnel. The wedge, 12-meter-long and weighing more than 25 Airbus A380 jets, was lowered to connect the immersed tubes of the underground tunnel of the bridge. The bridge was pieced together with different parts built in different locations like building blocks. "The progress of China's equipment manufacturing industry made this construction method possible," said Zhong Huihong, deputy chief engineer of the bridge management bureau.

### MALINDO SPREAD ITS WINGS WORLDWIDE

**M**alindo Air includes Middle East, Europe and Africa in their list. The airline, which has predominantly been operating in Asia since it started operating since March 2013, is working on interline and codeshare arrangements to spread its wings globally. For starters, Malindo Air is looking at closing a code share arrangement with a Middle East airline, said its chief executive officer Chandran Rama Muthy. The airline, which has now positioned itself as a full-service carrier, is also talking to as many as 30 other airlines for interline arrangements. The code-share and interline arrangements will allow Malindo Air passengers to travel anywhere around the world.



### US HAILS INFOSYS 10,000 JOBS ANNOUNCEMENT AS A VICTORY FOR TRUMP'S H-1B VISA POLICY

**O**n May 2, Infosys announced that it will hire Americans and open four centres in the US, in a bid to woo the Trump administration, which has been critical of outsourcing firms for unfairly taking jobs away from US workers. Its decision comes less than a month after US President Donald Trump signed an executive order that calls for a review of H-1B visa programme, saying they should never be used to replace American workers and must be given to the most skilled and highest paid applicants. According to Washington Post, the White House characterized the Infosys announcement as a political victory, pointing to it as further evidence that companies are renewing investment in the US as the result of Trump administration's "pro-growth economic agenda."

### PEPSICO GOES DESI TO WOO YOUNG INDIA

**A**ccording to PepsiCo in a report by The Economic Times, the company has started using popular words like 'bindaas' and 'dhamaal' on its P.E.T bottles and cans in the areas where Hindi is a popular language. They started using catch words in local languages to establish a connect with the youth in the country, in a first such move by any global beverages company. Similarly, they have also started using such words from Punjabi, Gujarati, Marathi, Bengali, Malayalam, Telugu, and Tamil in the pertaining areas.



## GEELY TO BUY 49.9% STAKE IN PROTON

**Z**hejiang Geely Holding Group Co., Ltd (Geely Holding), which already owns the Swedish brand Volvo, confirmed that it is buying a 49.9% stake in Proton and a controlling 51% stake in its subsidiary Lotus. The entrance of Geely as a foreign strategic partner would revitalise Proton which booked about RM1bil in net loss for the financial year ended March 31, 2016. Both parties expect to sign the definitive agreement in July 2017. It currently owns 100% of the manufacturer of the first national car. The deal will also see Geely buying a 51% stake in British carmaker Lotus and EASB taking up the 49%.



吉利汽车  
GEELY AUTO



## CHINA'S FIRST GIANT PASSENGER JET COMPLETES MAIDEN FLIGHT

**C**hina's C919 passenger jet taking off from Shanghai Pudong International Airport on its maiden flight on May 5 is a key moment of the country's push to challenge the U.S. and Europe as a global manufacturer. With the flight, China joins the ranks of the few nations that have developed homegrown large airliners: the U.S., Russia, Brazil, Canada, the U.K., France and Germany. airliners: the U.S., Russia, Brazil, Canada, the U.K., France and Germany. Made by the Commercial Aircraft Corporation of China (Comac), the 168-seat C919 is roughly the same size as Airbus's A320 and Boeing's 737-800, which are the most popular airliners in the world.

## EMMANUEL MACRON HAS WON THE RACE FOR THE FRENCH PRESIDENCY

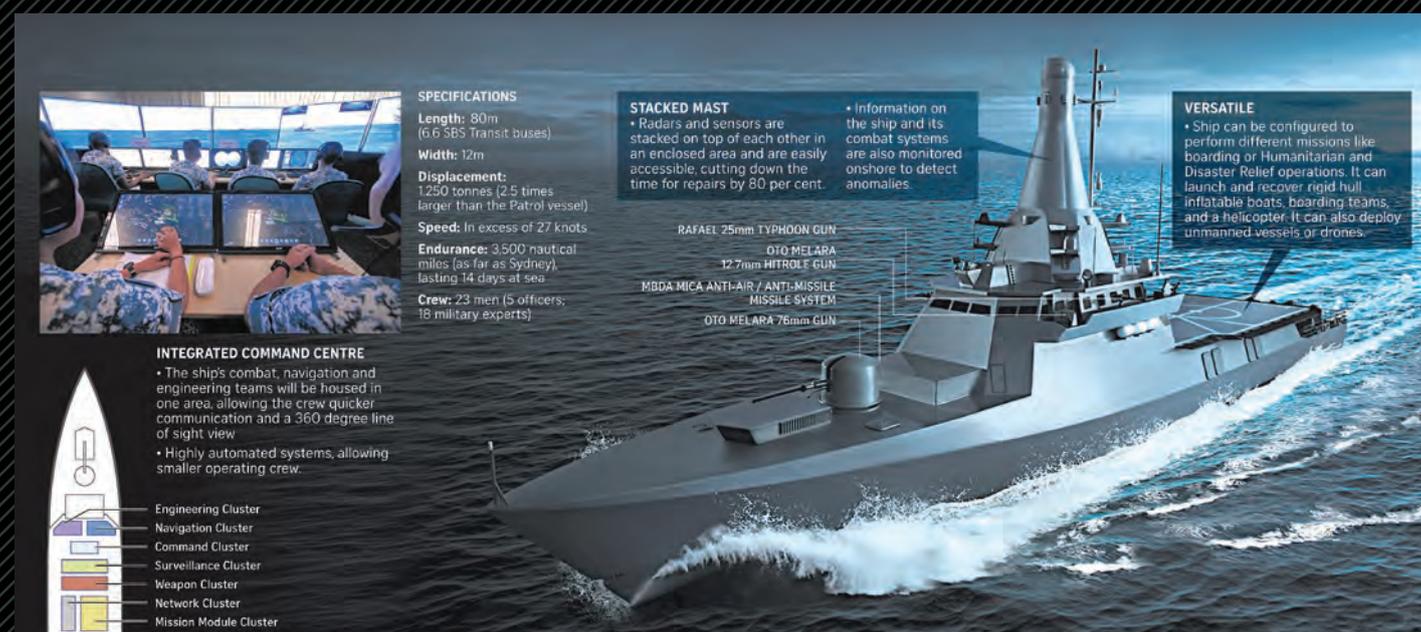
**T**he 39-year-old independent centrist beats far-right rival Marine Le Pen to get the keys to the Elysee Palace. Official Interior Ministry figures confirmed independent centrist Macron has been elected president with 66.06 per cent of valid votes, while Le Pen took 33.94 per cent. The 39-year old pro-EU centrist becomes the country's youngest head of state since Napoleon. He said he would work to heal the deep divisions in France that led to large scores for far-right and far-left parties and would seek to bring European institutions closer to the peoples of Europe.



## FACEBOOK WILL HIRE 3,000 MORE PEOPLE TO CATCH AND REMOVE VIOLENCE

**F**acebook said it is hiring an extra 3,000 staff to remove violent content like the gruesome killings and suicides broadcast on its video platform. The move ramps up efforts by Facebook to filter content amid growing criticism of the social media giant for allowing the platform to be used to promote violence and hateful activity.

"If we're going to build a safe community, we need to respond quickly," chief executive Mark Zuckerberg said on his Facebook page. "We're working to make these videos easier to report so we can take the right action sooner - whether that's responding quickly when someone needs help or taking a post down," he added. The 3,000 new recruits, added over the coming year, will increase by two thirds the size of Facebook's community operations team, which currently numbers 4,500.



**INTEGRATED COMMAND CENTRE**

- The ship's combat, navigation and engineering teams will be housed in one area, allowing the crew quicker communication and a 360 degree line of sight view
- Highly automated systems, allowing smaller operating crew.

Engineering Cluster  
Navigation Cluster  
Command Cluster  
Surveillance Cluster  
Weapon Cluster  
Network Cluster  
Mission Module Cluster

**SPECIFICATIONS**

**Length:** 80m (6.6 SBS Transit buses)

**Width:** 12m

**Displacement:** 1,250 tonnes (2.5 times larger than the Patrol vessel)

**Speed:** In excess of 27 knots

**Endurance:** 3,500 nautical miles (as far as Sydney), lasting 14 days at sea

**Crew:** 23 men (5 officers, 18 military experts)

**STACKED MAST**

- Radars and sensors are stacked on top of each other in an enclosed area and are easily accessible, cutting down the time for repairs by 80 per cent.

RAFAEL 25mm TYPHOON GUN  
OTO MELARA 12.7mm HITROLE GUN  
MBDA MICA ANTI-AIR / ANTI-MISSILE MISSILE SYSTEM  
OTO MELARA 76mm GUN

**VERSATILE**

- Ship can be configured to perform different missions like boarding or Humanitarian and Disaster Relief operations. It can launch and recover rigid hull inflatable boats, boarding teams, and a helicopter. It can also deploy unmanned vessels or drones.

# SINGAPORE'S 1<sup>ST</sup> LITTORAL MISSION VESSEL RSS INDEPENDENCE NOW FULLY OPERATIONAL

**S**ingapore navy's first-of-class Littoral Mission Vessel (LMV) RSS Independence is now fully operational to safeguard the country's waters, protect its sea lines of communication and contribute to regional peace and security. Prime Minister Lee Hsien Loong commissioned the vessel at Changi Naval Base on Friday (May 5)

at an event marking the Singapore navy's 50th anniversary. The RSS Independence, which was launched in July 2015, is the first of eight LMVs to be commissioned and tasked to replace the fleet of 11 Fearless-class patrol vessels by 2020. It is the third time an RSN vessel is bearing the name Independence.



## SAMSUNG IS BACK WITH ITS NEW LINE-UP OF QLED TV'S

**S**amsung's QLED TV has received many international accolades that recognise Samsung for its innovative technology in colour volume and ingenious design. Samsung's various QLED TV models have received honouree mentions in various categories including Eco-Design, Smart

Home, Video Display, Accessibility and Accessory. While these honouree mentions are testament to the brand's breakthrough in Quantum Dot technology, it is CES 2017's "Best of Innovation" Awards that pays homage to the ground-breaking QLED TV.



### THE TORONTO TEAM WILL BE PART OF UBER'S ADVANCED TECHNOLOGIES GROUP

**U**ber Technologies Inc, during legal battle with Alphabet Inc over self-driving car technology, is building a new artificial intelligence team in Toronto to help improve its autonomous vehicle software. The team will be part of Uber's Advanced Technologies Group, the unit that's developing much of its autonomous technology led by Raquel Urtasun, an expert in the AI fields of machine learning and computer vision at the University of Toronto. Uber is also investing US\$5mil (RM21.67mil) over several years in the Vector Institute for Artificial Intelligence, a non-profit affiliated with the university.

### GLOBAL CYBERATTACK

**F**riday's May 12 cyberattack hit 200,000 victims in at least 150 countries. Cyber bad guys have spread ransomware, known as WannaCry, to computers around the world. It locks down all the files on an infected computer. The hackers then demand \$300 in order to release control of the files. That's why it's called ransomware.

How to prevent being attacked; According to security company Bitdefender, follow these five steps:

1. Disable your computer's Server Message Block service.
2. Install Microsoft's patch.
3. Back up your data on an offline hard drive.
4. Install all Windows updates.
5. Use a reputable security software to prevent attacks in the future.



### AIR TRAFFIC CONTROL FOR DRONES IS COMING

**D**rone Co-habitation Services operating a Phantom 3 commercial drone, one of 11 vehicles in a NASA field demonstration in Nevada. NASA, along with the FAA and an extensive list of industry partners, has been researching the requirements needed to establish a drone traffic management system. By 2020, an estimated 7 million drones could be zipping around the US delivering packages, taking photos, inspecting infrastructure or conducting search and rescue missions.

### VOLVO JOIN HANDS WITH GOOGLE ON CONNECTED CARS

**V**olvo partnered with Google to develop the next generation of its in-car infotainment and connectivity solution based on the Android platform. It will launch on new Volvo models within two years, offering a wide array of apps and services. Volvo believes that by putting Android at the core of its cars, it will always be able to offer its clients the latest connected vehicle technology and digital services.

"Google's platform and services will enhance the user experience by enabling more personalisation possibilities, while Android will offer increased flexibility from a development perspective," said Henrik Green, senior vice president research and development at Volvo Car Group.



### APPLE IS ABOUT TO START SELLING IPHONES MADE IN INDIA

**P**roduction is beginning at the company's plant in Bangalore, and Apple plans to start selling the smartphones in India within the next two weeks, the company said in a statement emailed to CNNMoney.

Apple (AAPL, Tech30) has chosen the four-inch iPhone SE for the initial rollout, a "small number" of which are being assembled at its new plant in India's tech capital.

"We'll begin shipping to domestic customers this month," Apple said in the statement.

India is expected to overtake the U.S. to become the world's second largest smartphone market this year, and after prolonged negotiations with the Indian the company finally decided to open the Bangalore plant, run by Taiwanese contract manufacturer Wistron.



### FIDGET SPINNER DRIVES EVERYONE CRAZY

**A** fidget spinner is a type of fidget toy; a low profile, handheld device that people can, well, fidget with without making a big scene. A fidget spinner has a stable middle and a disc with two or three paddles that can be spun, much like a ceiling fan. The result is supposed to be relaxing and satisfying, and good spinners can keep going for minutes at a time.

The little devices were originally designed to help students with attention disorders like ADD (Attention Deficit Disorder). Expert says having something to occupy their hands may help improve concentration. However, the spinners caught on with the general population, and now come in every colour and finish imaginable, with add-ons and doo-hickeys galore.

### LATEST WEARABLE TECH

**E**lectronic device makers such as Hong Kong-listed SUGA (0912.HK) and other start-ups are looking to cash-in on a boom in China in so-called pet wearables, like smart collars, leashes and feeders. The electronic pet device market in China is still quite small but by some estimates is growing by a fifth or even a quarter every year, drawing developers and producers such as PetPace LLC, Mars Petcare's Whistle Labs Inc, i4C Innovations, Fitbark and DeLaval.

SUGA produces wearable tech that monitors pets' health and food intake. It is also eyeing a device to check pet emotions. Chen Xufeng, marketing manager of Guangzhou-based software developer Guangdong Lekong IOT Technology Co Ltd, expects the China market in pet electronic devices to grow 20 percent to 25 percent in the next two to three years.



### SNAP INC ADDS GROUP STORY TOOL

**I**n addition to posting to their own stories on the app, Snapchat users can now decide to create a group video story around an event like a birthday party or a wedding, and invite their friends to contribute clips for a compilation. The company, which also recently released a search feature, needs the updates to help differentiate itself from competitors that are rapidly cloning its products. Snap shares have gained about 18% since the company's IPO in March.



### STEAM GETS INTO VIRTUAL REALITY VIDEO

**S**team is now branching out into video, with film tie-ins The Hunger Games 360, Alien Covenant in Utero and Lego Batman: The Batmersive Experience leading its initial line-up. Valve Corporation, owner and operator of the Steam computer games platform, is teaming up with fellow Seattle native Pixvana to launch the Steam 360 Video Player for high-powered PCs.

In doing so, it is joining Facebook and YouTube to support 360 video, while Pixvana's SPIN platform is specifically created for use with Samsung Gear VR and Google Daydream products in addition to the PC's established Vive and Rift VR headsets. The virtual reality experience arriving in advance of Ridley Scott's sci-fi horror Alien: Covenant is one of eight launch titles for the video player.

## NEPCON MALAYSIA

6 - 8 JUNE 2017  
HOTEL EQUATORIAL PENANG  
[www.nepcon.org](http://www.nepcon.org)

**N**EPCON Malaysia will be concerned with trading business of PCB/SMT, components, testing & measurement, semiconductor, LED and support services sectors in Malaysia. It will be associated with electronics industry providing an international platform for suppliers and manufacturers to launch various products and services. The event will attract local and regional buyers who will obtain new contacts and get opportunities for business growth. It will be an excellent opportunity to gather buyers and key decision makers, ensuring to generate sales leads. NEPCON Malaysia will be worth attending exhibition related to electronics manufacturing. The event will invite a large number of exhibitors and visitors.

## CHINA GROWTH INVESTOR & CORPORATE ACCESS FORUM

29 JUNE 2017  
PARKROYAL ON BEACH ROAD,  
SINGAPORE  
[www.euromoneyasia.com](http://www.euromoneyasia.com)

**T**his free, by-invitation-only event, will bring together 300 industry leaders, analysts, fund managers, private equity partners, venture capital, family offices, bankers and other intermediaries to discuss the latest financing and investment trends in Greater China's growth sectors.

## FUTUREWEALTH ASIA

9 JUNE 2017  
MAX ATRIA @ SINGAPORE EKPO  
[www.theasianbanker.com](http://www.theasianbanker.com)

**J**oin celebrity Joe Augustin and one of Singapore's seasoned private banker and wealth manager, Noor Quek to update your knowledge of the latest developments. Be updated on the latest trends and issues shaping the wealth management industry for both professional and personal use.

## INTERNATIONAL CONFERENCE ON BUSINESS MANAGEMENT AND LEGAL STUDIES

20 - 21 JUNE 2017  
UNIVERSITY OF MALAYA,  
KUALA LUMPUR

**T**he International Conference on Business Management And Legal Studies, organized by the Global Research & Development Services will take place from 20th June to the 21st June 2017 at the Rumah Kelab PAUM Clubhouse in Kuala Lumpur, Malaysia. The conference will cover areas like The conference will cover areas like International Dissemination and Synthesis of Knowledge, Generation of Multi-national Academic community, Global Networking and Collaboration.

## OIL AND GAS ASIA

11 - 13 JULY 2017  
KUALA LUMPUR CONVENTION CENTRE  
[www.oilandgas-asia.com](http://www.oilandgas-asia.com)

**O**il & Gas Asia is one of the region's largest exhibition and conference for the oil and gas industry. Industry experts and big names like ABB, Cameron, Icon Offshore, IHC Asia Pacific, Powertium, M3nergy, SPRO Solution, Neu Dimension, Olio Group, SapuraKenkana, Siemens, Sime Darby Industrial, Tanjung Offshore, Technip, UMW Oil & Gas and Wartsila will be present.

## MASTERING EMOTIONAL INTELLIGENCE: SKILLS FOR EXCELLENT LEADERSHIP KUALA LUMPUR

11 - 15 JUNE 2017  
THE ROYALE CHULAN HOTEL  
KUALA LUMPUR, KUALA LUMPUR  
[www.bmc.net](http://www.bmc.net)

**W**ith the help of this conference namely Mastering Emotional Intelligence Skills for Excellent Leadership Kuala Lumpur is going to help you to keep a relationship productive by cultivating emotional intelligence at work. People can easily demonstrate extensive knowledge, allocate rewards and at the same time achieve organizational objectives. This field is also going to provide exemplary leadership to others amongst many other responsibilities. It is also going to recognize stress levels and keep it under control, which is another major field of this conference.



# UNLIMITED EVERYTHING

AT ONLY  
RM 78



Unlimited high-speed data

Unlimited calls to all networks

ROAM ▶ ONZ™  
Free 5GB data for roaming

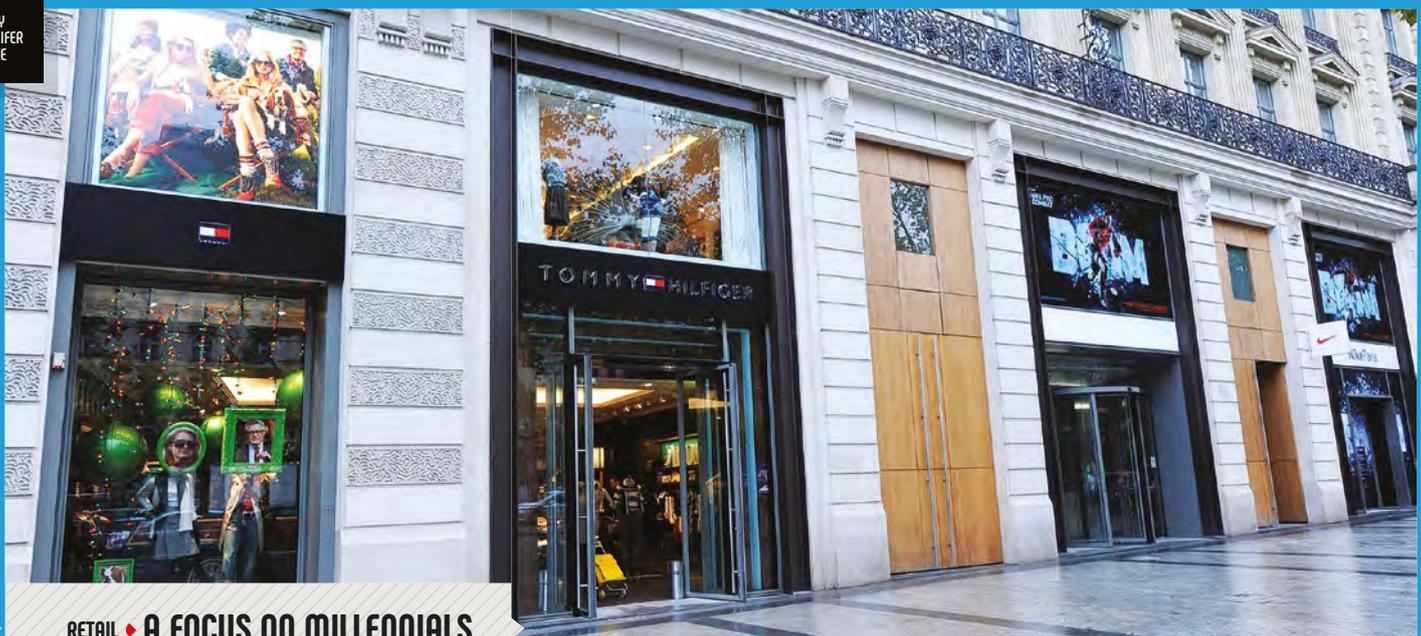


**UNLIMITED HERO** Upgrade to our new HERO Postpaid plan to enjoy the best corporate rates. For more information, email us at [business.enquiry@u.com.my](mailto:business.enquiry@u.com.my)



Limited time offer. Terms and conditions apply. U Mobile Sdn. Bhd. (223969-U)

BY  
JENNIFER  
LEE



**RETAIL ♦ A FOCUS ON MILLENNIALS**

**T** The French retailer, Citadium, known for its hip, urban apparel will soon be setting up shop on the Champs Elysées. Already a go-to destination for fashion-forward millennials, the brand's new flagship store, which is set to open this July, will be located on the Champs Elysées and will span a massive 18,000-square-feet. The three-story shop will house over 250 sport and streetwear labels, with options ranging from emerging designers to established brands. The merchandise will also range from clothing and footwear to accessories and high-tech gadgets.

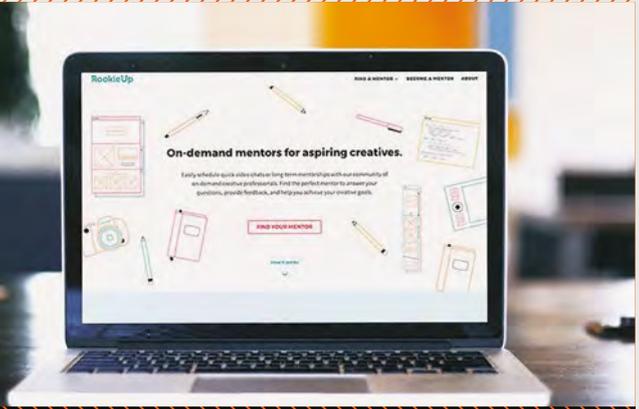
**FOOD DELIVERY ♦ HEALTHY CORPORATE LUNCH**

**L** LunchOwl is a corporate food service that ensures the health of employees while simultaneously offering them convenient and delicious food options for lunchtime. The service works when employees of a company sign up on the brand's website and pick which days of the week they would like LunchOwl to send them food. The service brings in lunches before noon on the chosen days, and uses reusable packaging in order to prevent waste. Menu items include bowls with salad, meat and noodles, sandwiches, wraps, salads, side dishes, soups and healthy bottled drinks. The LunchOwl service is able to maintain employee health and give them something to look forward to as the workweek progresses.



**WEBSITE ♦ MENTOR MATCHMAKING**

**T** Those who want to learn or improve their creative skills could make use of the 'RookieUp' platform in order to connect with mentors. Users of 'RookieUp' are able to quickly schedule one-on-one meetings with experts in graphic design, UX/UI, photography, illustration and much more. This enables them to get answers to various questions, get quality feedback and critiques, and even get expert guidance on how you can continue forward to accomplish certain creative goals in sight.





**GAMIFICATION ♦ CHECK-OUT MADE FUN**

**W**hile many companies are focused on improving checkout systems by efficiency or diversifying accepted payment types, Belgian start-up Luckycycle is now giving consumers the chance to win prizes at the point of sale. Whether in-store or online, merchant payment platforms that make use of technology from Luckycycle will be able to offer consumers games such as scratch cards or slots. By playing these games, consumers may even be eligible to win their entire basket for free.



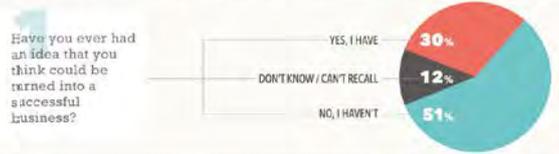
**RETAIL ♦ TUXEDO RENTAL**

**T**he Black Tux is a men's fashion company that caters to men who need a tuxedo rental for a wedding, prom or another special event or milestones. Although The Black Tux has become known for its online rental service, the digital start-up is now entering a partnership that will give it a physical presence in Nordstrom department stores. Nordstrom will be launching six in-store showrooms from The Black Tux, where consumers may book consultations, get fitted, accessorized and outfitted as they need. With the help of an ambassador from The Black Tux, customers will be able to receive a customized profile, which they may use later to place online orders without having to fret about size or remembering past orders. The partnership between Nordstrom and The Black Tux is part of a strategy to attract younger shoppers to its department stores.

**How BUSINESS IDEAS come to life**

By *business idea*, we mean an idea for a new commercially viable business, for example, opening a new store or providing a new service which may not currently be catered for.

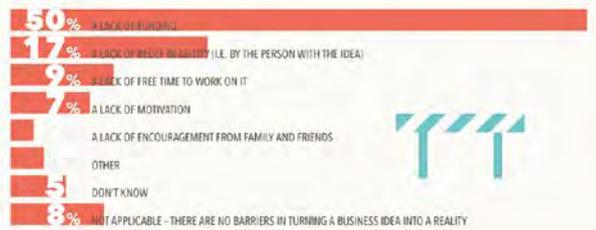
Ideas are often viewed as the most valuable currency in the world, but how many people believe they've ever had a truly great one? We asked the British public to tell us what they thought about both conceiving and developing ideas.



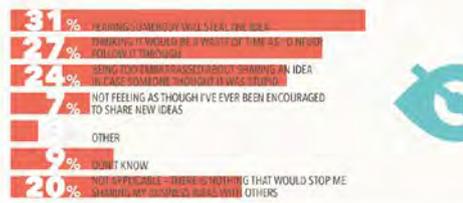
Where do you come up with your best business ideas?



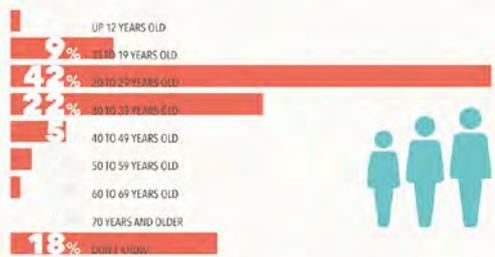
What is the biggest barrier preventing someone turning their business idea into reality?



What would stop you from sharing a business idea?



Which age group is capable of coming up with the best ideas?



# THE REGION'S FOREMOST SME RECOGNITION

## SME100 AWARDS 2017 MALAYSIA FRAMEWORK

The Initial  
Phase

1

The Current Phase  
PRELIMINARY  
VETTING

Criteria,  
Fast Moving Company

2

SECOND  
EVALUATION

Company Track Record,  
SSM Report (Corporate Information),  
Credit Rating (Trust & Credibility)

3

SITE AUDIT

Corporate Presence,  
Success Story



## BE RECOGNISED

### Branding Opportunity

Brand presence among the business owners, decision makers and entrepreneurs, perfect opportunity to engage key communities in positioning your brand and network all year round.

### Growth

Tap into the SME100 community and benefit through networking opportunity, intergrated marketing communication and amplify your brand present.

### Reach

Our diverse community is made up of Entrepreneurs, SMEs, Social Enterprises, government, media & NGOs.

## The Final Phase

6

## ACCEPTANCE & CEREMONY

5

## JUDGING STAGE

Result,  
Announcement

4

## FINANCIAL AUDIT

SME100 Awards 2017 Malaysia  
**NOMINATIONS OPEN NOW!**

Contact Us For More Information:  
[marketing@businessmedia.asia](mailto:marketing@businessmedia.asia)

+603 7880 3511



# SCALING UP TOWARDS MATURITY

---

SME **CEO**  
**FORUM** 2017

IMPORTANT DATE, IMPORTANT PEOPLE

**9 AUGUST 2017**  
**Pullman Kuala Lumpur, Bangsar**

#### **SME CEO Forum 2017**

Addressing the question of growth and sustainability, the forum has always served as an informative event for SME owners of Malaysia. Drawing projections and insights from the most renowned entrepreneurs in the country, our event highlights the changes in the market and what are the best responses for respective businesses.

Proceeding from the theme of 'Globalisation for SMEs' in 2016, we are moving towards 'Business Sustainability and Maturity' in 2017, considering the pros and cons of rapid business diversification in a volatile market.

#### **Who are Our Guest Speakers?**

To ensure the quality of the conference, speakers are carefully selected based on their past/current professional affiliation. He / She are required to have management experience in enterprises or business ownership. Industrial perception and market changes are highly sought after by the organisers.



鼎  
·  
坚

STRENGTH & GROWTH

**GOLDEN BULL  
AWARD 2017**

2017金牛奖

**JULY**

WINNERS ANNOUNCEMENT



# MEGA TREND: DISRUPTION





Disruption is fundamentally changing the way the world works. Today's businesses, government and individuals are responding to shifts that would have seemed unimaginable even a few years ago.

Artificial intelligence and robotics are reinventing the workforce. Drones and driverless cars are transforming supply chains and logistics. And changing preferences and expectations - most notably in the millennial generation - are altering consumption patterns and demand for everything from cars to real estate.

Three primary forces drive this current wave of disruption: technology, globalization, and demographic change.

**TECHNOLOGY** - Advances in technology have been disrupting business models for centuries. In our lifetime, successive waves of the IT revolution (PC, online, mobile, social) have democratized data, empowered consumers and spawned scores of new industries. The next waves - the Internet of Things (IoT), virtual reality, AI, robotics - promise to be even more revolutionary.

**GLOBALIZATION** - Thanks to trade liberalization and emerging market growth, globalization has accelerated in recent decades. These trends disrupt existing business models by creating new competitors, reordering supply chains and lowering price points. The next waves - including the emergence of Africa and a more multipolar world - will increase complexity and require flexible business models to respond to global shifts.

**DEMOGRAPHICS** - In the decades ahead, relatively high birth rates will make Africa and India engines of economic opportunity. Aging populations will transform everything from health care to

real estate, while millennial-dominated workforces will reinvent the workplace.

Meanwhile, urbanization will increase cities' economic and public policy clout, even as it strains their ability to grow in sustainable ways. Migration and immigration will also have profound impacts on workforces and economic development. All these demographic shifts will require new strategies and business models.

**THE UPSIDE OF DISRUPTION**

By understanding the interaction between these three forces, we've identified eight global megatrends that are shaping the future. These are large, transformative trends that define the present and shape the future by their impact on businesses, economies, industries, societies and individual lives.

**THE BIRTH OF DISRUPTION** The theory of disruptive innovation was first posited by Harvard Business School professor Clayton Christensen in 1995. According to Christensen, the term describes the transformation of business models and value networks by technology or business innovation.

At the time, he wrote about "disruptive technologies," since the most visible examples of disruption were in the information technology space. The frame of analysis soon expanded from disruptive technologies to disruptive innovation, since the phenomenon is not just about technological breakthroughs - disruption can equally come from other innovations, such as new business models or production processes. For instance, the disruptive innovation that allowed automobiles to displace horse carriages was not the internal combustion engine but rather assembly line production, which created reliable automobiles at an affordable price point.

**WHY IS RESPONDING TO DISRUPTION SO CRITICAL?**

Business' response to disruption is perhaps the most important strategic imperative facing companies, for three reasons:

**1. EVERYONE IS AFFECTED.** The pace of disruption is accelerating and impacting a growing list of sectors. The next wave of

digital innovation - harnessing AI, robotics and virtual reality - will transform activities long considered safe from disruption. Indeed, these developments are already starting to disrupt sectors such as legal and professional services in ways that would have seemed unimaginable even a few years ago.

Meanwhile, disruption no longer emerges from Silicon Valley alone. It can just as easily come from emerging markets. Today's leaders need to be aware of the game-changing threats and opportunities bubbling up in markets around the world.

If you think you won't face disruption, it's not because you won't - it's because you don't yet know how it will happen.

What are you doing to understand the myriad ways in which your organization could be disrupted?

Why is responding to disruption so critical?

**2. IT'S EASY TO UNDERESTIMATE THE PACE OF CHANGE.**

"In retrospect, all revolutions seem inevitable. Beforehand, all revolutions seem impossible." That observation, attributed to Michael McPaul, former US Ambassador to Russia, is just as applicable to business and economic revolutions as it is to political ones. It's easy to declare in hindsight that the collapse of the Soviet Union was inevitable, but in the summer of 1989, even amid the rumblings of perestroika and glasnost, one would have been hard pressed to find anyone predicting that the Berlin Wall would fall just a few months later.

In 2012, when Google announced that it had been testing driverless cars on US roads and had already driven over 200,000 miles in everyday traffic conditions, the news reverberated like a shock wave across the world. Driverless cars - a staple of science fiction just a few years earlier, had become reality faster than most of us expected. Time and again, we underestimate the significance and speed of disruptive innovation.

Time is not on your side. Are you embracing disruption quickly enough?

**3. SMART STRATEGY AND EXECUTION ARE NOT ENOUGH.**

It may sound counterintuitive, but organizations get disrupted not by doing

the wrong thing, but by doing the right thing. The long list of companies that have fallen victim to disruption includes firms that dominated their industries for decades.

They were often ruthlessly competitive, relentlessly focused on the market and led by competent strategic thinkers. In many ways, they succumbed to disruption not despite, but because of, that focus. Organizations are typically structured and incentivized to focus on fulfilling the needs of their existing constituents: blinding them to disruptive opportunities, which often do not initially meet those needs.

The strategy that got you here may not be the one you'll need for the road ahead. How are you realigning incentives and structures around disruptive innovation? Incumbent companies typically fall victim to disruption. The reasons for this have been well documented in Clayton Christensen's classic book, *The Innovator's Dilemma*

### WHY IS IT SO DIFFICULT TO RESPOND TO DISRUPTION?

Incumbents dismiss the initial disruption of their industry because it appears inconsequential relative to established products/services and fails to meet the needs of existing customers. However, a small core of customers embraces the disruptive offering, giving market entrants a toehold, and the offering improves more quickly than incumbents expect. Its capabilities soon surpass those of the prevailing product or service – at which point existing customers, who have so far resisted the offering, adopt it en masse.

Incumbent firms now scramble to move into this new market, but it is often too late, particularly if the space has significant network effects or switching costs. Time and again, whether with the 1980's PC revolution that disrupted mainframe computers or the more recent disruption of standalone GPS devices by smartphone apps – the same pattern occurs with predictable regularity.

**IS EVERY INDUSTRY NOW YOUR INDUSTRY?** Industry convergence – the blurring of two or more previously distinct industries and sets of participants – is one of the more remarkable consequences of disruption. Disruption reconfigures and democratizes information, creates new levels of complexity, and takes place at unprecedented speed. In turn, barriers to entry are lowered.

Disruption dramatically alters the “invaded” industry's basic and often long-held characteristics. The converged industry is redefined.

**TECHNOLOGY UNDERPINS CONVERGENCE** Technology companies – both start-ups and existing titans such as Google and Apple – are disrupting industry spaces and uprooting incumbents. Several reasons are behind this phenomenon:

- ◆ The growing software content of products and services confers an advantage on companies that excel at code and algorithms as they enter new competitive spaces.
- ◆ Opportunities to substitute digital platforms for physical world ecosystems catalyze convergence. Uber has disrupted the taxi industry and could do the same for package and prepared food delivery.
- ◆ Technology companies tend to be asset-light; industry incumbents are saddled with legacy costs in real estate, IT infrastructure, supply chains, and other hard assets.

### CUSTOMER EMPOWERMENT DRIVES DEMAND FOR NOVEL SOLUTIONS

Just as every company is now a technology company; every company – whether B2C or B2B – is also a consumer company. The rise of digital technologies have democratized consumer access to knowledge, given customers a more powerful voice, allowed more informed decision-making, and enabled greater choice between providers.

One such example is the power and utility space. Renewables, smart metering and smart grids are reshaping the sector. But customers themselves are also redefining the industry. In addition to demanding greater price transparency and competitive pricing, as well as energy-efficient, environmentally friendly solutions, today's customers are

actually becoming producers of energy through residential solar installations, in effect, competing with utilities.

### COMPANIES SHOULD SEEK OPPORTUNITY BEYOND THEIR OWN INDUSTRY WALLS

In a converging world, all industry spaces will be hotly contested. As boundaries break down, incumbent companies will face competitive threats from start-ups with disruptive business models and from formidable companies in previously unrelated sectors.

For those companies that look beyond traditional industry borders, asking not what they can sell but what problems they can solve, convergence represents a major growth opportunity. Indeed, industry convergence should be considered alongside more traditional market considerations as companies strategize, plan and allocate investments for future growth.

Industry convergence is the disruptive blurring of two or more previously distinct industries and sets of participants

### HOW DO YOU SEIZE THE UPSIDE OF DISRUPTION?

When disruption upends incumbent business models, it challenges many of the most basic assumptions underpinning those models. The first, and most important, step in self-disruption therefore involves challenging long-held assumptions about matters as fundamental as what your business is and who your customers and competitors are.

Here are five better questions to ask yourself.

#### 1. WHAT BUSINESS ARE YOU IN?

Disruption has a way of changing the very business that companies are in. You may have thought you were in the business of assembling steel and glass into motor vehicles – but disruption clarifies that the business you are really in is mobility.

Customers don't necessarily want to own a car. Their real need is to get from point A to point B, which can just as easily be

accomplished with a ride-sharing service. Understanding how your core activity has changed is the first step in reinventing your business model.

#### 2. WHO'S YOUR CUSTOMER?

Disruption does more than empower customers. It creates entirely new customer segments, with different needs and expectations. Understanding how the customer base has changed, and what the needs of the new customers are, are critical inputs for self-disruption.

#### 3. WHAT'S YOUR VALUE PROPOSITION?

To respond to the expectations of the new customer base, you need a different value proposition. The traditional value proposition of newspapers was authoritative-ness and reputation. In a world of social media and blogs, they have had to create business models built on new value propositions – convenience, 24/7 access, customizability – to remain relevant.

#### 4. WHO ARE YOUR COMPETITORS?

Responding to disruption requires making the right comparisons, including comparing yourself with the appropriate competitors. Since disruption attracts non-traditional entrants from other sectors, the peer group you used historically may no longer be relevant.

Fifteen years ago, should executives at Circuit City have been concerned about a start-up out of Seattle named Amazon? Today, should Ford be focusing on GM? Or should the company be more wary of Uber?

#### 5. WHAT'S THE RISK OF STANDING STILL?

We tend to underestimate the speed of revolutions. In assessing the cost-benefit and risk of investments, we often make comparisons in the context of a world similar to today.

The more meaningful comparison, however, is against the environment that will exist in the near future, which could be radically different. In a world where everything is changing, the biggest risk is standing still. **SME**



**ONLY A PURE PERSPECTIVE  
GIVES RISE TO PURE INSIGHTS**

## **PURE TRADE. THE RHODIUM WAY.**

Taking advantage of the dynamic global market requires a unique pure perspective of its nature. This gives rise to pure insights that lead the company forward. Rhodium makes this possible with a relentless pursuit of Pure Trade, with end-to-end services, superior diligence and by partnering customers in their growth.





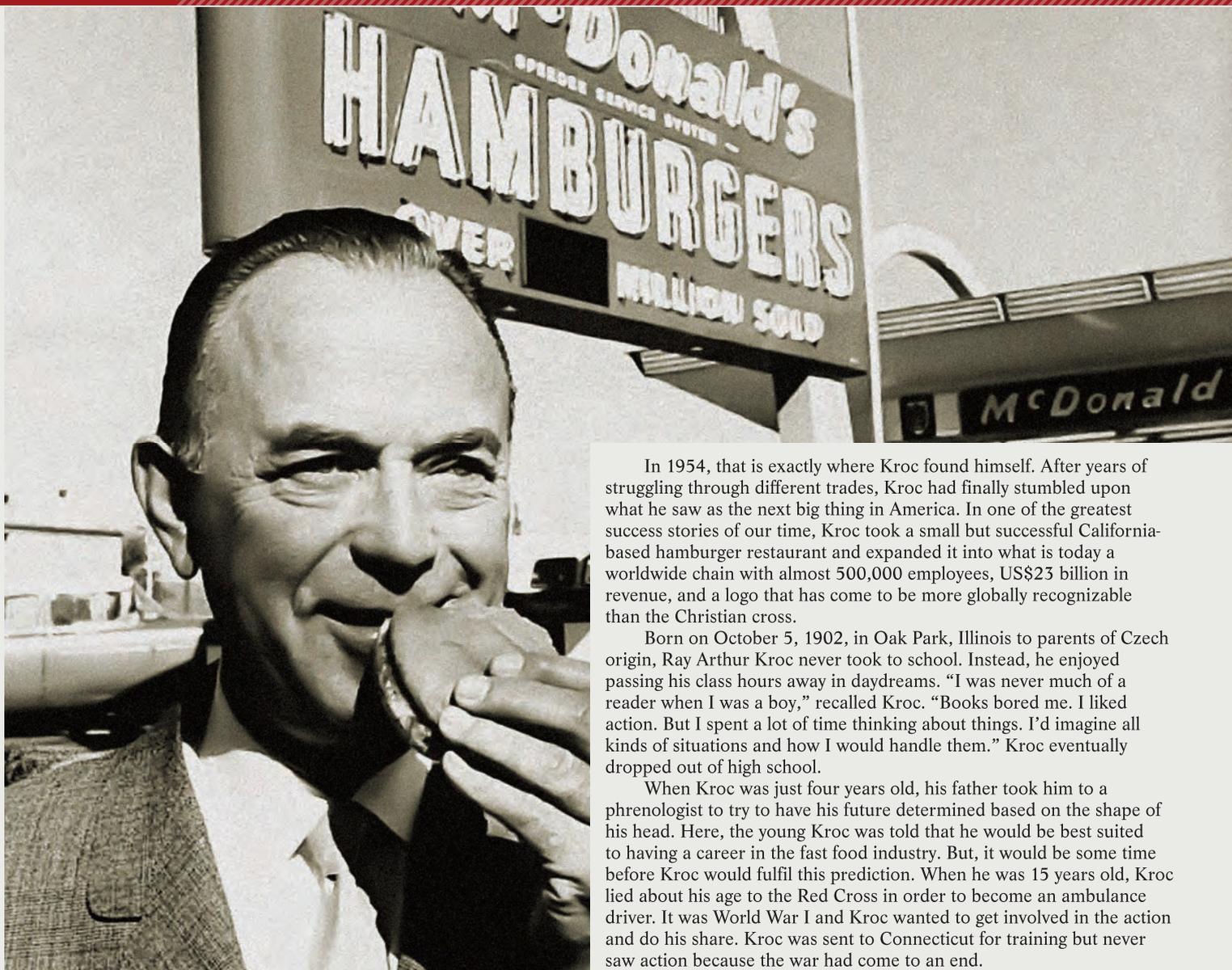
# RAY KROC

THE  
MCDONALD'S  
STORY

BY  
JENNIFER  
LEE







In 1954, that is exactly where Kroc found himself. After years of struggling through different trades, Kroc had finally stumbled upon what he saw as the next big thing in America. In one of the greatest success stories of our time, Kroc took a small but successful California-based hamburger restaurant and expanded it into what is today a worldwide chain with almost 500,000 employees, US\$23 billion in revenue, and a logo that has come to be more globally recognizable than the Christian cross.

Born on October 5, 1902, in Oak Park, Illinois to parents of Czech origin, Ray Arthur Kroc never took to school. Instead, he enjoyed passing his class hours away in daydreams. "I was never much of a reader when I was a boy," recalled Kroc. "Books bored me. I liked action. But I spent a lot of time thinking about things. I'd imagine all kinds of situations and how I would handle them." Kroc eventually dropped out of high school.

When Kroc was just four years old, his father took him to a phrenologist to try to have his future determined based on the shape of his head. Here, the young Kroc was told that he would be best suited to having a career in the fast food industry. But, it would be some time before Kroc would fulfil this prediction. When he was 15 years old, Kroc lied about his age to the Red Cross in order to become an ambulance driver. It was World War I and Kroc wanted to get involved in the action and do his share. Kroc was sent to Connecticut for training but never saw action because the war had come to an end.

On the hunt for a job, Kroc soon discovered his entrepreneurial instincts. He quickly worked on improving the piano skills he had learned as a child and went to work as a piano player for a radio station at night. During the day, Kroc found employment as a salesman for the Lily Tulip Cup Co. While selling paper cups was not Kroc's dream job, it would set him on a course that would forever change his destiny.

It was in the course of selling paper cups that Kroc would meet Earl Prince, an entrepreneur with a similar eye for exciting future business opportunities as Kroc. Kroc had noticed Prince after he began buying Lily cups by the truckload for a product that he had recently invented – a five-spindle multi-mixer. With the machine's speed and efficiency, Kroc believed the possibilities were promising and he obtained exclusive marketing rights to the product. Over the next 17 years, Kroc would travel throughout the U.S. selling this mixer.

It was after one particular order that Kroc's entrepreneurial instincts were once again peaked. Brothers Dick and Mac McDonald had ordered eight mixers for their San Bernardino, California-based restaurants. Interested in meeting the men who had ordered eight mixers, Kroc took a trip down to visit them in 1954. The McDonald brothers had focused on just a few menu items – hamburgers, cheeseburgers, French fries, soft drinks and milk shakes. Kroc was impressed with the efficiency of their establishment, but he thought it could be greater.

Kroc was ready for a career change. He was tired of selling mixers.

**f**

Few brands are as all-pervading as McDonald's. Few countries have escaped the global domination of this fast food chain. The brand has truly defined globalisation, before the word was even popular – to the extent that the Economist invented the now famous 'Big Mac Index' to judge the purchasing power parity of currencies in various countries.

Today, McDonald's serve 68 million meals everyday in its 37,000 restaurants and employ almost 400,000 staff, excluding millions of part-time crew.

The recent movie 'Founder' not only chronicled the rapid rise of Ray Kroc and McDonald's but also provided much insight into the life of this entrepreneur. While the term 'founder' is misleading (as Kroc was not the founder of McDonald's), Kroc is often credited for McDonald's runaway success.

As with any corporate success story, the McDonald's journey began with one enterprising man. Ray Kroc deserves the title Burger King more than the competing company that bears that name.

**A YOUNG RAY KROC** "The two most important requirements for major success," said Ray Kroc, "are: first, being in the right place at the right time, and second, doing something about it."

# FROM FRANCHISEE TO KING OF BURGERS: THE KROC SECRETS



"We provide food that customers love, day after day after day," said Kroc.

"People just want more of it."

In unjustified simplicity, Kroc attempted to describe what made his business the global empire it is today. Indeed, it was not as simple as just providing tasty hamburgers and fries. Kroc was an ambitious entrepreneur who embarked on a strategic plan of expansion that would cover nearly every continent. Kroc not only created an immensely successful company, he also built a global brand and revolutionized the American cultural landscape. How did he do it?

**He Had Focus:** Of one of his very first franchisees, Kroc said, "Sometimes Ed MacLuckie would have forgotten to turn the sign on when dusk began to fall, and that made me furious. Or maybe the lot would have some litter on it that Ed said he hadn't had time to pick up. Those little things didn't seem to bother some people, but they were gross affronts to me. I'd get screaming mad."

Kroc demonstrated the success that comes from applying sophisticated business practices to even the most banal of practices.

**He Built An A-Team:** Kroc knew that many of the jobs he was hiring for were not the most glamorous. Indeed, it would be easy for a McDonald's janitor to become disgruntled. But, from the janitors to the franchisees, Kroc did his best to ensure that he created an environment that encouraged innovation, equality and openness.

**He Took Risks:** "Creativity is a highfalutin word for the work I have to do between now and Tuesday," said Kroc. When Kroc entered the fast food industry, he did so at a time when it was fashionable to either dine out or eat in. But, Kroc sensed that Americans wanted a change. From concept design to implementation, everything about Kroc's goal was risky. Unafraid, Kroc charged full-speed ahead, gambling and, as a result winning big.

**He Recovered From Failure:** To look back on Kroc's legacy it seems difficult

to imagine a time when Kroc had to struggle to achieve his dreams. At the pace with which Golden Arches sprung up around the world, the success of McDonald's almost seems as if it was inevitable. But, like many of his peers, Kroc indeed had a hard time getting his business idea off the ground. He accepted his losses and defeats but bounced back to win bigger than he could ever imagine.

**He Marketed Wisely:** From focusing on the local context of his restaurants to fostering an image of a fun and friendly atmosphere with the likes of Ronald McDonald, Kroc proved to be a marketing genius. Through making community contributions, Kroc also established a corporate tradition of creating a positive presence in society.

"The quality of a leader is reflected in the standards they set for themselves," Kroc once said. By setting the highest of standards for himself and ceaselessly pursuing his dreams, Kroc would go down in history as one of the world's most successful entrepreneurs.

In the McDonald's restaurant, he saw his golden opportunity.

**RAY KROC AND MCDONALD'S** "I was 52 years old," recalled Kroc. "I had diabetes and incipient arthritis. I had lost my gall bladder and most of my thyroid gland in earlier campaigns, but I was convinced that the best was ahead of me."

The day after he first met the McDonald brothers, Kroc pitched them his idea; he thought their successful little chain of eight restaurants could be a successful nationwide chain. When the brothers asked who would manage the expansion, Kroc was ready with his reply: "Well, what about me?" The McDonald brothers had effectively created the principles of the modern fast food industry with their Speedee Service System, but it wasn't until Kroc came along that they began to realize their enormous potential.

In March 1955, Kroc created McDonald's Systems Inc., renaming it to McDonald's Corporation five years later. He acquired franchise rights and opened up his first McDonald's franchise in Des Plaines, Illinois in April 1955. The next year, Kroc established the Franchise Realty Corporation, purchasing tracts of land to lease to eager franchisees. He also initiated a national advertising campaign. By 1960, there were over 200 McDonald's across the U.S.

Six years later, Kroc would buy out the McDonald brothers for US\$2.7 million, but more importantly, he would gain complete control over the business. "The McDonald brothers were simply not on my wavelength at all," said Kroc. "I was obsessed with the idea of making McDonald's the biggest and the best. They were content with what they had; they didn't want to be bothered with more risks and more demands."

While he kept the fundamentals of the business in place, he

made improvements elsewhere. Most importantly, Kroc cleaned it up - both literally and figuratively speaking. "If you have time to lean, you have time to clean," he would say, insisting that everything from the kitchen floor to the parking lot was as clean as possible. Kroc also began to standardize the entire process, so that it could be effectively replicated in any city in any state across the country. Guaranteeing a hamburger fat content below 19%, and a patty which weighed 1.6 ounces and was 3.875 inches in diameter helped ensure predictability in all McDonald's outlets, which became one of the key factors in the chain's immense popularity.

By 1963, McDonald's had opened its 500th restaurant, served its 1 billionth hamburger and launched its famous clown, Ronald McDonald. Kroc's national presence was growing at a rapid pace. Within six years of airing the first McDonald's nationally televised commercial in 1965, the Ronald McDonald clown was familiar to 96% of American children, more than the amount who even knew the name of the U.S. President.

In 1965, McDonald's went public; 300,000 shares were initially sold at US\$22.50 each, later jumping to US\$49. Kroc had made US\$3 million on the sale. The company continued to expand rapidly; by 1972, there was one store for every 90,000 American citizens. But, Kroc wanted more and embarked on an ambitious campaign for foreign markets. First, the U.K., then Europe, Kroc began to erect Golden Arches in almost every continent.

In 1974, Kroc stepped down as CEO of the company he single-handedly grew into a global empire, but remained on as Chairman, and later, Senior Chairman of McDonald's Corporation. He died of heart failure in 1984 at the age of 81, just ten months shy of McDonald's selling its 50 billionth hamburger. That is the legacy that he leaves behind him. **SME**





# THE PET BUSINESS



Who doesn't love a pet? Those cuddly, irresistibly cute creatures that seem to find impossible ways to tug at our heartstrings. Indeed, we often treat our pets better than ourselves; spoiling them with weekly grooming, gourmet pet food, and branded apparels.

Surely, the pet business must be booming; considering the massive number pet owners, and the seemingly infinite number of pets? Not necessarily so, as some 'pet-repreneurs' we spoke to testified. SME spoke to a number of entrepreneurs in the pet business and we hope the findings would prove useful if you are considering a pet business.

The pet population in both Singapore and Malaysia has grown over the years. In Singapore alone, the number of canine pets has increased from an estimated 47,000 in 2006 to 824,600 last year (The Straits Times, Singapore). According to Pets Enterprise & Traders Association Singapore (PETAS), Singaporeans are spending more money on their pets, treating them with higher quality food, accessories and services. The association estimated that the pet services business in Singapore is worth close to S\$120 million a year. This excludes the sales of pets themselves. Pet food clocked in close to S\$100 million a year in sales. That's a lot of money for pets, and certainly make venturing into pet business a worthy consideration; if only we are prepared for the challenges that come with it.

## INTRODUCING THE ENTREPRENEURS

Ng Whye Hoe's uncle and late father shared a single goal which is to open Singapore's first shop devoted to supplying everything the family pet needs. It was achieved in 1973 with the opening of Pet Lovers Centre at Shaw Centre.

"I took over the business for sentimental reasons. I saw the passion my father had for the business when he was alive, thus I could not bring myself to seeing he and my uncle's efforts go to waste. So, together with the help of my classmate, we took over the family business," Ng said.

Riding on the pet-frenzy hitting Asia, Pet Lovers Centre has since grown from

BY  
MIRASHA  
GENESAN

that one shop at Shaw Centre to almost 100 stores across Singapore, Malaysia, Thailand, Vietnam and Brunei.

“We have a clear direction in mind for the business, and we are grateful that everyone in the team are working towards achieving our vision to become the leader in pet care services,” Ng added.

Besides Ng, many of the other pet entrepreneurs interviewed were keen pet lovers themselves, and started their respective businesses out of a shared love for pets.

Vincent Khor founder of Eternabii Pet House has strong involvement in dog’s activities and shows for the past 12 years. His hobby and the love for dogs has transformed him into a pet house founder in 2012.

“I always had the ambition to do something pet-related and eventually after talking to my ex-colleges (and now partners) decided to have a “pet house” for our fur kids, as well as to provide the space for other fur kids as well,” he says adding that, “dogs naturally love living freely thus, that’s how we developed the concept on taking care of the pets as a business.”

Being a pet owner himself, Khor brings their mission “A second home for your loved one” into reality by providing spacious and comfortable space for all the fur kids handled by the team.

Inspired by Apple’s Steve Jobs, another pet entrepreneur, Kenneth CY Tan founded a pet store cum service centre to turn his passion for pets into a business. Tan and wife, Khaw Yin Yi, started Paw Prints in their hometown Kampar to serve pet owners in Kampar and surrounding towns.

“We researched over 300 dog food brands before the decision was made to secure our first dog food brand. With a commitment towards providing quality service and products, we have inadvertently distinguished ourselves from our peers,” he claims.

“Not only that, we

researched everything; from the products, we carry in our retail, the types of blades we use in our grooming area; and from the airflow and drainage system down to the type of mop we use in our boarding area which make us special from the rest,” adds Tan.

Another pet business, JomPaw, is the joint effort of three friends: Agnez Lim, Joanne Lee and Ngan Szu Mun. The business started off as an online pet-sitting website six months ago, but has since expanded from pet-sitting to dog walking, pet taxi and recently, dog training.

“As JomPaw is a pet hospitality provider, we personally interview and crowdsource a pool of boarders, sitters, walkers, and transporters to join our platform. To date, we have 40 active caretakers on our platform across the nation,” discloses Lim.

“JomPaw also connects pet parents with people, who’ll treat their pets like family, hence our tagline, ‘we take time to care when you can’t be there’,” she added.

PetBacker is a global platform with partners in US, UK, Ireland, Australia, New Zealand, Singapore, Canada and Malaysia, and is now expanding to Brazil and Japan, providing home-based pet boarding services.

Vernon Tee, the founder, is a pet lover, investor and serial entrepreneur, who initiated PetBacker after one of his local founders lost his pet after getting infected with diseases and ticks from a pet hotel.

“The incident inspired us to create this platform to prevent other pets (from facing) the same fate and to allow all pet lovers to be boarding service providers,” said Tee.

“We charge a minimum fee to continuously support the platform, purchasing insurance premiums as well as for educational marketing,” he added.

William Lin and Chee Jo Anne saw the potential for a pet hotel when they were spending all their time in petting zoos, pet shops and pet-



related events over the past 10 years.

“We decided to leave our full-time jobs and build a humane and loving pet hotel where pets get to enjoy our vacation home and the owners can travel in peace knowing that their pets are in good hands,” recalls Lin.

“Therefore, we enrolled ourselves in a pet training and grooming school, as well as visited other pet hotels around the world to bring the best experience to our clients here in Malaysia,” added his partner, Chee.

The L Residence Pet Hotel offers both private and sharing rooms with furnished human sized bed, air-conditioner, LED television, drinking water fountains as well as pet music therapy where the pets get to enjoy just like how they do at home.

Diva Pets started when founder Jo Makin thought of having her own pet shop to save pet care costs for all her pets (and she had many!). “Just then we realized that we enjoyed working with animals and wanted to dedicate ourselves to that profession,” discloses Jo. Over the years, Diva Pets has dedicated themselves to educating their customers for the benefit of their pets.

“We handpick products that we feel are the healthiest options as well as arm our customers with the knowledge that they need to make their own informed decisions,” she added.

MeowClass started when three cat lovers had to send their own cats for caged boarding centres. All three: Nurul Afifah Basir, Sharifah Munira Sayed Azahar and Mohd Khairul Mohamad Yusof wanted to create a stress free boarding facility for cats and to become “The Trusted Cat Sitter”, chosen by cat parents to make their lives easier.

“With a Back to School theme, we call our guests MeowStudents and MeowGrads. Our cat boarding offer a wide range of activities for cats, while providing love and attention for each cat,” Afifah said.

She added that MeowClass provides private playtime, school exploration and art class to imprint a real school-like atmosphere.

On the other hand, Snow Cat’s Grooming is the brainchild of cat lover Tinna Teo Abdullah who has over 17 years of experience in pet grooming.

“Our animal lover instinct took over us, especially towards cats since 2015 and today we are an established cat’s boarding



and grooming centre,” said Teo.

### NOT ALL CUDDLY AND HAPPY

Dealing with pets are exciting and vibrant but never without a dull moment. Contrary to the popular belief, the pet business isn't just about meeting lots of cute, fluffy pet: it's also hardwork and in most cases, pure struggle.

According to Eternabii's Khor, he finds it very tiring to work under their shop's concept, where they need to keep the space hygienic and make sure the dogs behave. “We ensure this to make sure all the dogs are fairly treated, so as to keep them in good health,” he added.

For Paw Print's Tan, everything is a challenge; from perishability of products to behavioural and health problems of their pet stocks. Yet, he feels the biggest challenge so far is in educating their sub-urban customers on the importance of proper pet care and nutrition.

JomPaw's Lim said that the biggest challenge for her and her partners as entrepreneurs is to challenge and change their mindset on entrepreneurship. As the trio were all formally trained not to break rules in the corporate world, they find it an uphill task at first that as entrepreneurs, it's about breaking the rules and challenging the convention. “Sometimes we need to be bold to take risk, learn to pick ourselves up and learn from failure,” she added.

Like most SMEs, the pet industry faces a shortage of talents. Hiring people to help in the business is not only challenging, but in the case of the pet business, a double edged sword. This is because most helpers tend to apply for jobs as a result of their own love for pets; but a love for pet does not necessarily equate to being suitable for the job.

“As the pets are as precious as children (to their owners), it is a heavy responsibility to care for them and thus, we must select our helpers very carefully,” said The L Residence Pet Hotel's Lin.

“As a business grows, it is of course imperative to hire suitable candidates to support and facilitate growth. However in a sensitive industry such as pet services, the wrong staffing decision can have huge ramifications for a small business,” said Makin.

“Throughout our journey, we faced a lot of challenges such as financial, manpower as well as time-constraint. We would say that these challenges are pretty common for entrepreneurs therefore we are

going strong day-by-day,” said MeowClass' Afifah.

“It's certainly not lovey-dovey all the time. We often had to groom cats which were rescued from sewers, with badly matted fur, fleas all over the body, and covered in mud and other illnesses. It usually takes up to six hours to clean a rescued cat”, she discloses.

Just as you think that these challenges are unique to smaller, single-site pet business operators, even large chains such as Pet Lovers Centre have their own share of problems.

“When we took over the business in 1995, we were very inexperienced. As a result, the company battered with financial and operational challenges. Despite my lack of experience, I was armed with a determined, positive spirit. On top of being a delivery driver, I also took on the roles of being a store assistant, cashier and director at the same time. Although we were mentally and physically tired, we persevered through and focused on the long-term growth of our company.”

And of course, it paid off.

### IT'S NOT JUST ALL PROFITS

For most pet entrepreneurs, a pet business isn't all about profits. Often, it's a combination of interest and passion, and a healthy dose of self-satisfaction from helping other pet lovers.

“Seeing the pets playing happily every day and living healthily makes me motivated. As the speed of living and the growth of social media is getting faster, I believe that more people are owning at least one pet, either dog, cat, fish, or any kind of tame animal through which to reduce the pressure of life. Many pet owners will post their pet's photos or videos online. This will indirectly boost this industry,” said Khor.

Helping a new pet owner waddle through the first year of pet ownership and instil the sense of responsibility towards the proper care and nutritional needs of the pet, excites Paw Prints' Khor and his wife.

“The sense of achievement that we have made a small contribution towards the quality of the pets' life is indescribable,” he adds.

“What's more to say when we're able to work with adorable furry pets to exotic pets at JomPaw,” expressed Lim.

As she explains: “The pet humanisation trend and growing influence of social media can be expected to encourage people to continue adopting pets over the next few years. Consumers are likely to adopt more than one pet, especially cats, which account for a large share of the pet population. As a result, the demand for pet food and services is set to grow over the next few years.”

PetBacker feels that the future of the pet service industry is about getting pet lovers to take care of pets (their own and others).

“This industry is more than just a job as the pets appreciate, remember and love us whole heartedly,” said the couple Lin and Chee.

“It's a bond between the pets and ourselves, which makes the precious time more rewarding to our lives. There are also more pet-friendly cafes and parks blooming in Malaysia within the last few years and this encourage the younger generations to accept and love pets as part of life, like many Western countries,” they added.

The first thing that excited both MeowClass and Snow Cat is the different types of cats that walk through their doors. “We get to exchange tips and knowledge on cat as well as sharing experience of taking care of cats,” said Afifah

“Hopefully by this year we could see more pet shops being more friendly and trustworthy to their clients' pets which is required in this business,” joined Tinna.

### TIPS AND ADVICE

For those who are venturing into pet store and services industry, Khor says no matter in which area of pet business, the

heart to contribute to the pets is very important.

“We must take care of the pets wholeheartedly, they are far more than an animal, they need a healthy life like human as well,” he said.

Paw Prints’ Tan do not encourage prospective pet entrepreneurs to just jump into the industry without proper research. “Work in a pet shop, get your hands dirty, learn how to handle

aggressive dogs and discover whether the passion you have is real”, he said.

Diva Pets’s Makin reminds prospective entrepreneurs that they are dealing with live animals and their well-being should be paramount and shouldn’t be compromised for any reason.

“With the right level of attention and care, the pet industry can be extremely rewarding and enjoyable but it requires dedica-

tion and determination,” advises Jo

“Always remember why do you open a pet business at the first place. When things get hard in every way, remember “The Why”,” Afifah says.

While Tinna’s tips is to make sure you take really good care of the pets sent to you as the owner trust you to take care of them and think of those pets as your own when taking care of them.

“Cause every life matters!” she said.

“Like any other businesses, starting a business is always difficult, especially pet store or pet service business. For this reason, perseverance is crucial to always look for opportunities to explore, constantly reviewing business models and providing the best for your customers,” says Ng Whye Hoe.

# THE ENTREPRENEURS

## VINCENT KHOR

### FOUNDER, ETERNABII PET HOUSE

Eternabii Pet House was established in 2013. It’s housed in a 3 storey building at Setia Alam, Shah Alam, and includes a free run area for the dogs no matter they are boarding or just visiting for grooming.

<https://www.facebook.com/Eternabiipethouse/>

## KENNETH CY TAN &

### KHAW YIN YI

### FOUNDER, PAW PRINTS

Tan comes from a retail business family which includes grocery, furniture and construction hardware. He worked in sales, banking and export executive positions before deciding to venture into his own pet business with his wife in 2013. Now they own a retail, grooming and boarding services called Paw Prints at Kampar, Perak.

[www.facebook.com/PawPrintsKampar/](http://www.facebook.com/PawPrintsKampar/)



## AGNEZ LIM, JOANNE LEE &

### NGAN SZU MUN

### FOUNDERS, JOMPAW

Converging three of the co-founders expertise ranging from business consulting, e-commerce, marketing and PR expertise, Lim, Lee, and Ngan decided to grow JomPaw with a simple goal of connecting pet parents with people who’ll treat their pets like family. JomPaw differentiates itself by providing impeccable pet boarding, pet sitting, pet day care, dog training, dog walking, and pet taxi service on a single platform. JomPaw believes in longterm relationship, transparency, and 100% accountability.

[www.jompaw.com](http://www.jompaw.com)

## VERNON TEE

### CO-FOUNDER, PETBACKER

Tee is a pet lover, investor and serial entrepreneur and has successfully founded a CRM consulting company from 2 people to over 100 people, serving Fortune 500 companies from banks, telcos, pharmaceutical companies to government agencies. He is now working together with other co-founders of different regions of PetBacker to make it a truly global platform.

[www.petbacker.com](http://www.petbacker.com)

**WILLIAM LIN &  
CHEE JO ANNE  
FOUNDERS,  
THE L RESIDENCE PET HOTEL**

The L Residence Pet Hotel is led by William and Jo Anne, who quit their full-time career in a multinational company to pursue their dream pet hotel, where they are surrounded by a company of loyal and happy pets every day. The couple, an experienced pet trainer and pet groomer, continuously adapts new innovations and services from around the world to provide a world-class vacation home for their resident pets.

[www.petboardinghouse.com](http://www.petboardinghouse.com)



**NURUL AFIFAH,  
SHARIFAH MUNIRA &  
MOHD KHAIRUL  
FOUNDERS OF MEOWCLASS**

MeowClass PLT own by a partnership company, Just ASK Solutions PLT. This company was established on 7 January 2017. Between the three partners, they run everything from operations, marketing - online and offline, bookings, customer service as well as public relations for the company.

[www.meowclass.com](http://www.meowclass.com)

**TINNA TEO ABDULLAH  
FOUNDER OF SNOW CAT'S  
GROOMING CENTRE**

Tinna is a cat lover and an experienced individual in the field. Snow Cat has been operating for almost 3 years. It has attended Groomer for Whiskas event at Jusco Setiawangsa for 3 days and won 4th place in the Tally Press Top 10 Pet Grooming Centres.

[www.petloverscentre.com](http://www.petloverscentre.com)



**JO MAKIN  
FOUNDER, DIVA PETS**

After growing up in UK and Sri Lanka, Jo Makin moved to Malaysia in 2006. There she studied to become a dog groomer at the House of Groomers. In 2008 the doors of Diva Pets officially opened as the first pet service provider in Putra Heights. From there the business has grown from strength to strength, working with pet owners, NGOs and Educational institutions to improve the quality of life of common pet species on top of providing grooming and boarding services to the local community. The latest initiative undertaken is a series of workshops to aid pet owners in the routine maintenance and care of their pets.

[www.divapets.net](http://www.divapets.net)



**NG WHYE HOE  
MANAGING DIRECTOR,  
PET LOVERS CENTRE**

Ng Whye Hoe is the Managing Director of Pet Lovers Centre, Singapore's oldest and largest retail chain of pet food, pet accessories and pet services. It comprises 103 stores scattered across prime locations in Singapore, Malaysia, Thailand, Brunei and Vietnam. Ng took over the family owned business in 1995 at the age of 23. Despite it being a single retail store, he saw potential in the lackluster business and the only way it could grow - to shake off the mindset of it being a hobby business.

Prior to becoming the Managing Director of Pet Lovers Centre, Whye Hoe ran his own import-export business and has a CIM (UK) Diploma.

[www.facebook.com/](http://www.facebook.com/)

[snowsgroomingboarding](https://www.facebook.com/snowsgroomingboarding)



Since the economic reform in 1978, China has created an economic legend. In 2014, it surpassed the United States in terms of economy output on the basis

of purchasing power and became the world's largest economy. The past decade has seen the government's effort in establishing a market economy through privatization of state-owned enterprises (SOEs).

However, after the top-down reform, the Chinese government still holds much power in the economy; in particular, self-interested politicians still impose substantial influences on SOEs' financing, investing, operating, and disclosure decisions. As such, the Chinese market is a transitional economy operating between political power (the 'visible hand') and market force (the 'invisible hand'). Yet, it is not clear how the 'visible hand' affects firms' operating behaviors.

A recent study by Prof. Zhaoyang Gu, Director of the School of Accountancy and Prof. Donghui Wu, Associate Professor of the School of Accountancy and Associate Director of the Center for Institutions and Governance at the Chinese University Hong Kong (CUHK) Business School, as well as their collaborator Prof. Song Tang, Associate Professor of the School of Accountancy at Shanghai University of Finance and Economics, has revealed for the first time how

political power intervenes in SOE's operating activities through studying a particular cost behavior known as 'cost stickiness'.

**COST STICKINESS** As two important pillars of profit-driven corporations, sale revenues and operating costs should be parallel under normal operation, that is, operating costs should change proportionally along with sales change. This is the most basic rule found in any textbook of managerial accounting. However, a number of studies have found that a downward change of operating costs when sales decrease is much smaller than an upward change when sales increase by the same amount. It seems that firms' operating costs are more difficult to decrease than to increase. Such asymmetric phenomenon is given an intuitive label by researchers – 'cost stickiness'. There are different reasons to explain the 'stickiness' in firms' operating cost.

In the working paper entitled "How

Does the Visible Hand Shape Cost Behavior? Evidence from China", the researchers use this asymmetric cost behavior to illustrate how political incentives affect SOEs' employment decisions in China.

### THE IMPORTANCE OF POLITICAL INCENTIVES IN CHINA

The issues on how political incentives affect the economic sector have been studied by many researchers in developed as well as developing countries. It is widely accepted that even in well-developed market economies, the influence of politicians cannot be ignored. This conclusive influence should get even more attention in China's transitional economy as the government still holds much power.

The story dates back to China's market-oriented reform. As one consequence of the reform, the Chinese government plays a dual role as the owner of SOEs and the administrator of social affairs. The dual

# HOW POLITICAL FORCES SHAPE COST BEHAVIOR IN CHINESE FIRMS

BY  
JENNIFER  
LEE



role offers a shortcut for the government to accomplish its political and social goals by interrupting firms' operating decisions.

So what kind of incentives motivates Chinese officials to intervene in the operation of SOEs?

**THE CADRE EVALUATION SYSTEM** In the study, the authors look into details of the cadre evaluation system within the Chinese Communist Party (CCP). To motivate cadres and local leaders with the incentive to comply with the central government, the CCP has implemented a meritocratic political selections system which includes evaluating politicians based on the following three tiers of performance targets:

- 1) 'veto' targets: social stability and birth rates
- 2) 'hard' targets: economic growth, investment and fiscal revenues
- 3) 'soft' targets: education and health, cultural activities and pension coverage

Researchers find that local leaders who meet the 'hard' targets such as GDP growth are more likely to be promoted while meeting 'soft' targets have little influence in the assessment of overall performance. 'Veto' targets will also determine officials' political careers - shortfalls to these targets will jeopardize the chances of promotion and may lead to demotions, administrative punishments, or even dismissal. Social stability, one of the 'veto' targets, is therefore of great concern to local leaders.

"One can imagine the implication of unemployment rates to the government, especially for local politicians," says Prof. Wu. "As a determinant of social stability, layoffs and the resulting social unrest are significantly costly for political leaders' promotion prospects especially when the Beijing government has put a high priority on maintaining a harmonious and stable society in recent years," he says.

As a result, politicians have strong incentives to distort firms' employment policy to stabilize their careers; in other words, they will require SOEs to keep more jobs and employees using their close ties and influence.

**POLITICAL INCENTIVES AFFECT FIRMS' COST BEHAVIORS** The study results reveal that SOEs exhibit higher stickiness in operating costs, particularly labor costs, than non-SOEs. On average, SOEs are more willing to increase employment than non-SOEs when sales are increasing; more importantly, SOEs are much less willing to cut down employment than non-SOEs when sales are decreasing.

"When sales go up, firms naturally expand their employment base to satisfy production demands, resulting in an increase in labor cost; however, when sales go down, politically sensitive firms are more reluctant to dismiss workers than firms in a purely economic environment, resulting in a disproportionately lower decline in labor costs. The difference in the degree of asymmetric labor cost behaviors between SOEs and non-SOEs can reflect distortion of labor decisions imposed by government," Prof. Wu explains.

As estimated by the researchers, labor expenditures of SOEs are about 29.3 percent more asymmetric than those of non-SOEs. Thus, with the objective to maintain social stability and avoid unemployment, state ownership changes firms' employment decisions and magnifies the cost stickiness in SOEs.

However, "the will of government is ultimately carried out by individuals," says Prof. Wu. "We also find that among SOEs, labor costs are much stickier if a firm is run by a manager who is appointed by the government."

This finding is another unique background in China's market as the

government often appoints the board chair/CEO of listed SOEs. Unlike political connections built by personal donations or general social ties, the direct appointment relationship between the government and firms' top managers facilitates the implementation of government objectives.

## THE ROLE OF INSTITUTIONS IN CHINA

With a wide range of diverse institutions across regions, the effect of political incentives on the degree of labor cost stickiness is not uniform in China. The study finds that the positive relation between SOEs and labor cost stickiness is stronger in areas where institutions are less well developed. In other words, in institutionally weak regions, government intervention in business is more pervasive, and government shareholders have a greater influence on firms' operations.

"The cross-sectional variation adds confidence to our reference on the causal link between political incentives and cost stickiness," says Prof. Wu.

"It helps rule out some alternative conjectures. For example, top managers with a governmental background might be inferior to others in terms of business knowledge or administrative skills; alternatively, managers with and without political connections may differ in their political or ideological attitudes toward labor. All of these possibilities can also explain the differences in labor cost stickiness between SOEs and non-SOEs. However, with cross-variation analysis, we can at least be partially sheltered from contamination of competing explanations," he adds.

**IMPLICATIONS** The study is the first to look at how political forces shape the cost behavior of Chinese firms, and therefore contributes to the understanding of privatization issues in China.

"Our work lends support to the theory that partial privatization in China cannot completely remedy the government pathologies. The employment decision is one channel that leaves room to intervention by the 'visible hand' of government," says Prof. Gu.

After the dramatic economic growth orchestrated by the Chinese government in the last three decades, the downside of government-oriented growth begins to draw attention. In recent years, the Chinese government has recognized the problem of economic-growth-based performance evaluation system and is changing to a more balance-scorecard-type performance evaluation of local government officials. While this change plays down the over emphasis on GDP in the performance evaluation, social stability, such as employment rate, is becoming a more important factor in the evaluation of bureaucrats.

"It seems that the effects of political forces on state firms' labor employment decision are likely to persist in the future," says Prof. Gu. 



Small and medium enterprises (SMEs) form the economic backbone of many a national economy. In Singapore, SMEs form close to 99% of the total number of enterprises and contribute to nearly half (48%) of the country's GDP according to 2014 data from Statistics Singapore. Vital to the national economy, small businesses are the powerhouse of employment, innovation and entrepreneurial spirit. Although SMEs are growth drivers of any economy, these enterprises are constantly strapped for resources – financial, infrastructural or manpower.

In order to drive growth and be ready for future success, SMEs need to ensure they employ the right tools in order to be productive, and collaborate and communicate effectively across different regions. This means investing in IT and employing cloud applications. However, for many SMEs, this is not the case. The 2015 Asia Cloud Computing Association (ACCA) released a report on SMEs that stated that the average expenditure on IT for a local SME was only around 2.5% of its budget.

Here are three reasons why SMEs need to invest in IT and leverage cloud applications:

**1. ACCESS TO INFORMATION, ANYWHERE, ANYTIME** As we become more dependent on our smartphone for instant access to information – whether it is personal, public or professional information, businesses, too, benefit from placing their data in the cloud and enabling their workforce to access information on demand.

Locally-installed software makes it hard to balance flexibility for the end user – the employee. Developing and maintaining mobile apps for locally-hosted software is cost-prohibitive. Hosted applications, on the other hand, have mobile apps and enable access of information anywhere, anytime. For instance, sales staff can access customer information at any time through a hosted solution.

Mobile apps also allow administrators to maintain control over authentication, data security, and user permissions. Compliance and upgrading applications is also simpler; rather than updating licenses and permissions on each device, applications are updated over the cloud. Software upgrades are also transparent to the users. Employees are also more productive and satisfied with being able to manage their workflow in the manner they choose.

## 2. STREAMLINED INTERNAL PROCESSES, INCREASED INTEGRATION AND COLLABORATION

Today, Software-as-a-Service (SaaS) is replacing expensive and time-consuming-to-deploy on-premise applications. Globally, IDC predicts that by 2020, penetration of SaaS versus traditional software deployment will be more than 25%. Further, research firm, Global Industry Analysts, predict that the global Platform-as-a-Service (PaaS) market is projected to reach \$7.5B by 2020, with the Asia-Pacific region leading growth, attaining a CAGR of 20.9% through 2020.

SaaS applications when integrated with other SaaS applications, let employees collaborate with each other more efficiently. For example, a new customer created in a customer relationship management (CRM) software such as Salesforce can trigger the creation of a task in Trello for the on-boarding team to act on.

Further, the cost of introducing new features on a cloud-based application is extremely cost-effective. With the example of Slack, which supports community-built integrations, new features can be developed and disseminated across all customers at the touch of the button. New features are then automatically updated across the cloud, rather than manually updated at each on-premise installation.

## 3. DECREASED TOTAL COST OF OWNERSHIP

A SaaS model means that SMEs enjoy the capabilities of enterprise-grade software at a fraction of the cost. The playing field has been levelled as SMEs do not have to invest in building their own application capabilities and can enjoy the same types of collaboration-rich tools as an enterprise. SMEs enjoy lower total costs of ownership for IT operations, maintenance, and support because these functions are out-sourced to the experts that continue to build and maintain the cloud applications.

## TYPES OF CLOUD-BASED APPLICATIONS

- ◆ **CLOUD STORAGE:** Many businesses use applications such as Microsoft OneDrive for business, Google Drive and Dropbox to store information with data being easily accessed and shared inside and outside the organisation.

BY  
KC  
KWA

# SMEs NEED CLOUD APPLICATIONS FOR FUTURE SUCCESS

- ◆ **OFFICE PRODUCTIVITY:** Google for business and Microsoft Office 365 are used by businesses across the world.
- ◆ **ACCOUNTING APPLICATIONS:** Applications such as Xero and QuickBooks make it easy for companies to automate their finances. Further, these applications allow multiple user access, and have a user-friendly mobile interface. They are also cost-efficient and fit lean budgets.
- ◆ **HR APPLICATIONS:** Applications that automate key HR functions such as leave application, viewing pay slips on their mobile phone and recording time clocked, allow employees to effortlessly complete administrative tasks.
- ◆ **MARKETING AND CRM:** Typical cloud solutions include Google Analytics for website performance measurement, Adobe Creative Cloud for content creation and email marketing applications such as Mailchimp. Cloud based Customer Relationship Management (CRM) applications can further improve customer service by integrating with other applications such as accounting and email marketing.
- ◆ **MESSAGING:** Business chat applications such as Slack can drastically cut down email communication.
- ◆ **TASK MANAGEMENT:** Applications such as Trello, Flow and Dapulse help teams keep track of project milestones and ensure tasks are properly assigned and completed. These tools are even free unless the business needs advanced features.

The Chief Information Officers (CIOs) of today must invest in cloud solutions if the business is to thrive. Leveraging smart and lean cloud solutions that limit costs and multiply productivity can be seen as a road to business success for SMEs. **SME**

KC KWA IS FOUNDER AND  
CHIEF EXECUTIVE OFFICER OF JUSTLOGIN.

**b** smart  
MISFITS WITH A PLAN



United Arab Emirates | United Kingdom | India | [www.planbadv.com](http://www.planbadv.com)



# UNDERSTANDING REPUTATION ACROSS THE REGION

BY  
PATRICK  
YOUNG



Brands today are increasingly being held accountable for their products, their brand strategy and their operations. VW's emissions scandal; Samsung's exploding Galaxy

Note 7; and United Airlines overbooked flight fiasco have all made considerable headlines recently.

What is significant about the United Airlines story, which wiped \$250m from its share price, especially, is that it may well not have even been reported on 10 years ago. But the ubiquity of social media connected smart phones means any incident – however minor or brief – can be reported on and shared instantly.

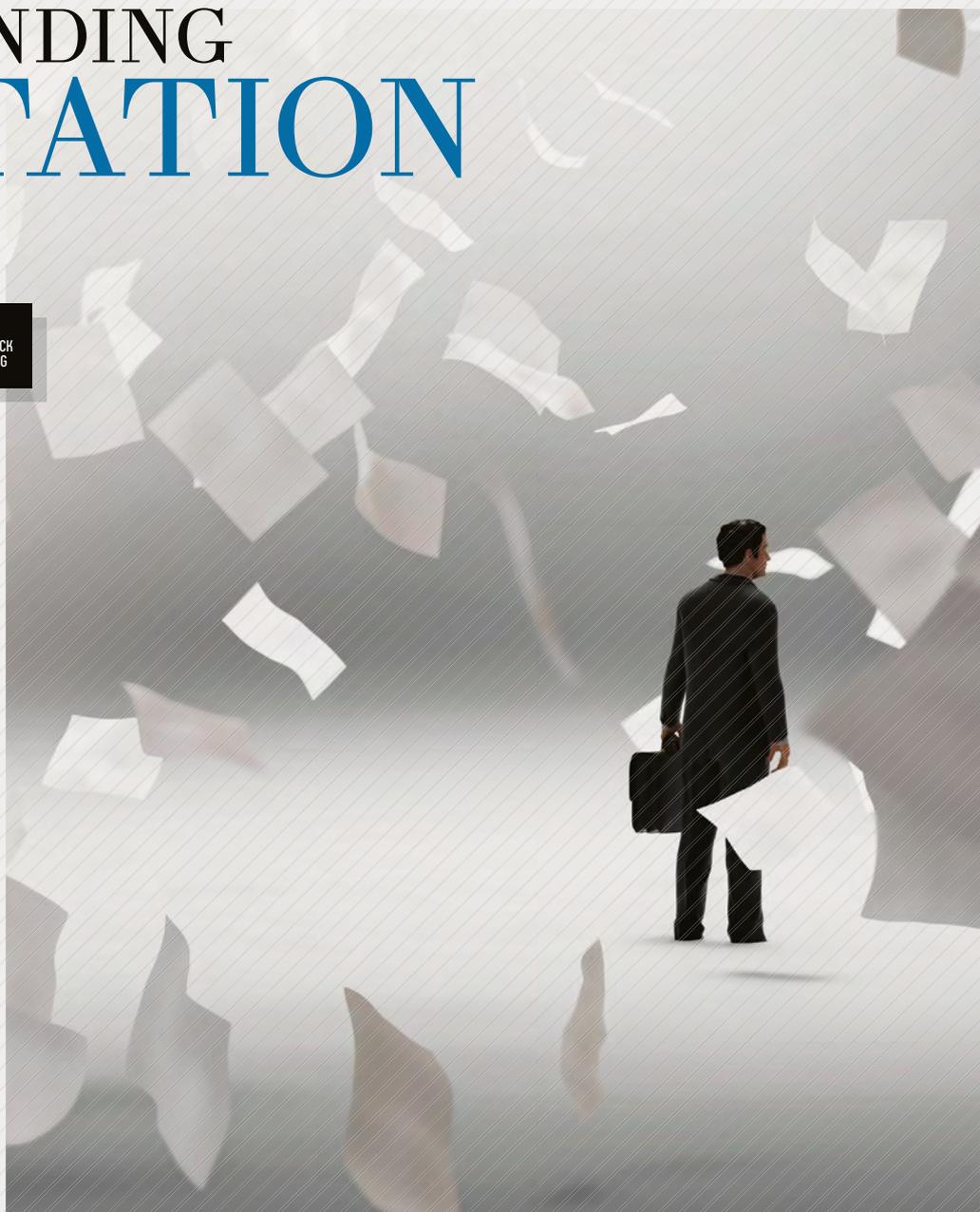
The rise of social media, and the chance to instantly call-out bad practices, not to mention a society increasingly used to whistleblowers, means brands are coming under more constant and regular scrutiny than ever before. All of which can have a significant impact upon a brand's reputation and with it, its consumers' loyalty and share price.

## DEFINITION OF BRAND REPUTATION

Brand reputation is associated with perceptions about a brand over time. Reputation is a broad idea and can cover a full spectrum of ideas from harder elements such as financial security through to softer elements such as ethical business practices.

Against this backdrop of increased importance of maintaining – and potentially rebuilding – a reputation, Kadence International wanted to understand what defines a brand's reputation, and importantly is this different across different markets.

We undertook a survey of 2,000 consumers in 9 Asian markets – Indonesia, Philippines, Thailand, Vietnam, Malaysia, Singapore, New Zealand, Taiwan and Australia – to look at how reputation is viewed in each market.



All consumers were aged 18 – 55 y.o. with a 50/50 mix of gender. All respondents had to have a good awareness of consumer brands, of which they were the sole or joint decision maker at purchase.

Kadence looked at 4 main factors – Successful Leadership; Fair pricing; Responsibility and Trust.

Of the four factors across the markets, Trust came out as the most important factors for consumers (91%). Followed by Responsibility (89%). The closeness of these two factors – and the gap between the softer elements of Trust and Responsibility and Fair pricing (83%) and Successful Leadership (82%) – suggests that it is these softer elements that consumers think of when they

consider reputation.

It is true that a damaged reputation can impact a business' profitability and leadership, but it is less likely to be seen as a defining factor of reputation itself.

## TRUST

Interestingly more traditional and less Westernised, SEA markets (Malaysia 92%, Philippines 93%, Indonesia 95%, Thailand 92%, Vietnam 93%) placed a higher emphasis on Trust than more developed markets (New Zealand 90%, Australia 87%, Singapore 89%). Suggesting Trust was a more defining factor of reputation for these more traditional markets.

According to the Global Corruption



Barometer, less Westernised markets are more associated with corruption compared to the developed markets in the study, which may explain why consumers in traditional SEA markets place a greater emphasis on trust.

But what is Trust? The study further broke Trust down into different elements – ‘a brand you can trust’; ‘has a positive impact upon society’; and ‘are honest and ethical in the way they conduct business.’ For some markets – Indonesia and Philippines, all factors were important in driving Trust. Whereas for the developed markets of Singapore, New Zealand, and Australia, having a positive impact upon society was a significantly weaker driver of trust

(75%, 73%, 74%, respectively) compared to Indonesia and Philippines (92% and 90%).

Being honest and ethical was also a weaker driver of trust for Australia (77%) compared to the study average (85%), and much lower than the Philippines (92%), again suggesting a difference in interpretations of reputation across markets.

### SUCCESSFUL LEADERSHIP

There were also clear differences emerging in the importance of Successful Leadership to reputation. For Philippines (89%) and Thailand (88%), though this remained the least important factor, it was significantly above the study average (82%). In contrast, New Zealand (72%) and Australia (71%),

there a much weaker emphasis on Successful Leadership as a factor in reputation.

‘Successful leadership’ was broken down into three factors – ‘offer investors a good financial return’, ‘are typically the first to market with new products and services’, and ‘are well known’ – highlighted additional market differences.

Being well known came in particularly low for Singapore (58%), New Zealand (51%) and Australia (57%) compared to the study average (65%), but for Philippines (75%), Thailand (79%) and Vietnam (74%), this took on a stronger defining factor of reputation.

Offering investors a good financial return, was seen a more critical aspect of reputation for Malaysia (75%) compared to Australia (53%) and New Zealand (50%). This is not to say a good financial return is not important to Australasia, but is less likely to inform their understanding of a brand’s reputation.

### MARKET DIFFERENCES

There were also country nuances across the study. Such as, to Australian consumers nearly all factors of reputation fall away in comparison to Fairness – which was the most important single attribute for the market. Further underlining the ‘fair go bro’ mentality Down Under.

### THE REPUTATION IDEAL, VERSUS BRANDS THEY CONSIDER

The study also asked consumers what they considered to be reputable brands, and to rate these reputable brands on the same factors. In this way, the study was able to pick apart which factors people say are important to reputation in abstract, and which factors actually define brands they consider to be reputable.

Despite Successful Leadership being the lowest people’s abstract assessment of reputation, it actually came out as the biggest factor defining reputable brands mentioned – specifically being well known and being the first to market with new products.

This may suggest that while consumers pay lip service to broader ideas of reputation – such as limiting environment impact – in truth a brand’s core business success defines its reputation. However, against this, one softer reputation stood out as being a core driver of reputation in abstract and as defining factor of reputable brands – having a positive influence on society.

It is true, then, that Successful Leadership does have a role to play in driving reputation, but to a very real extent a brand’s broader societal influence cannot be underplayed. **EME**



BY  
JASON BISSELL  
AND  
CALVIN HOON  
KRUIZENGA

# MOVING AT THE SPEED OF 'WHAT'S NEXT': SUBSCRIPTION BUSINESS MODELS SPUR CONTINUOUS INNOVATION

W

ith the immense success of cloud platforms and Software-as-a-Service (SaaS) models on one hand and the increase of subscription services on the other, it's clear that software offered as a subscription is becoming the new standard. In fact, Gartner forecasts that the Asia Pacific public cloud services market will grow 17.7 percent in 2017 to total \$10 billion. By 2019, the total public cloud services spending in Asia Pacific will rise to \$13 billion, highlighting how well-received subscription-based services are in the Asian business landscape.

This change in the way companies use software has frequently been said to reflect users' demand for flexibility. Indeed, companies are no longer willing to lay out a major investment to get equipped. They are looking to prioritize variability in their spending based on usage and to ensure they benefit from the value of the software before making a long-term commitment.

As business models rotate toward subscription services, if technical developments don't keep pace, a crucial piece of the puzzle will be missing.

## SUBSCRIPTION SERVICES: BRINGING INNOVATION AS CLOSE TO THE MARKET AS POSSIBLE

Let's forget for a moment how software is billed and take a look at another essential aspect: the value software offers both IT and business users. This is where the real challenge is: the ability to provide IT managers with frequent releases that encapsulate current technology innovation and customer demands, as well as an easy to manage and scale solution. For business users, cloud solutions provide the ability to have quick access to the compute resources and apps you need when you need them to help deliver qualitative results faster, cheaper and with higher quality in order to create a competitive advantage.

A perpetual license model also allows for periodic software updates. However, the rhythm of these updates and the frequency at which they are available to users cannot be compared with the ongoing agility and innovation offered by providers of subscription services. This is not related to how their software is marketed, but rather to the vendor's ability to establish a continuous cycle of innovation for its products, the rewards of which are transfer to their customers.

## BIG DATA AND CLOUD: CONTINUOUS INNOVATION IS THE MODEL

The continued growth in the use of big data and cloud technologies is in and of itself, a compelling proposition for continuous innovation. The speed at which these technologies become obsolete requires users to adapt at an unprecedented rate. Consider how the platforms adopted by customers today can become obsolete in as little as 12-18 months—Spark replaced MapReduce in record time and Spark 2.0 is a revolution compared to Spark 1.6. It is essential for integration, processing and operating software vendors responsible for these massive volumes of data to get as close to the market as possible, which means complying with key standards such as Hadoop, Spark and Apache BEAM. Not to mention they need to align themselves with the open source communities defining them. In practical terms, a company needs to anticipate the product roadmap needed to align with these innovative technologies and keep pace with customer demands.

Open source technologies—which are backed by the collaboration of a technically adept developer community and various partners—are particularly well suited to a continuous innovation model. Additionally, subscription services are a logical way to embrace and foster a continuous innovation model. Previously dominant or legacy software models, marked by "proprietary" software solutions and perpetual licensing, took 18 to 24 months to deliver new features. If you want your business to keep pace with the advances in machine learning, IoT, real-time data streaming analysis capabilities, depending on a model that consists of delivering new versions every 18 months is simply not viable for businesses.

## TO SUPPORT THE EMERGENCE OF NEW DATA USES

Modern solutions for big data and cloud integration must be at the front lines of technology innovation. Not only to address customers various and rapidly evolving challenges—including customer intimacy, business sustainability, agility and economies of scale—but also encourage the emergence of new data uses like streaming, real-time insights and self-service in order to gain a competitive advantage.

In the past, a technology feature could last for years without risk of becoming obsolete (e.g. SQL). Today, the speed at which big data and cloud platforms become obsolete is mind blowing. Competition is fierce between companies using digital transformation as a strategic lever for performance and competitiveness. The result: Users of these technologies need the ability to easily adapt from one standard to another practically overnight. That's why it's so vital to select a vendor that is in line with the times, on the cutting edge of market innovations so your business can continuously move at the speed of 'what's next.' **SME**

JASON BISSELL AND CALVIN HOON ARE  
GENERAL MANAGER OF ASIA PACIFIC AND JAPAN AND  
REGIONAL VP FOR SALES, ASIA PACIFIC RESPECTIVELY  
AT TALEND, A SOFTWARE INTEGRATION VENDOR.

BY  
STEPHEN  
WANG



# AVOID THESE 4 MISTAKES TO FIND YOUR BEST NEXT-GEN LEADERS

## MISTAKE #2: RELY ON SUBJECTIVE ASSESSMENTS OF LEADERSHIP POTENTIAL

You are making a mistake if succession candidates are selected based primarily on individual manager recommendations. Decision by committee or consensus isn't much better. Here are some specific things you can do to objectify the process:

- ◆ Identify objectively measurable qualities shared by next-level leaders who have historically been successful in your organisation. Then use multiple raters to evaluate each candidate on those qualities.
- ◆ Use a validated assessment tool that measures leadership potential to predict next-level leadership performance.

## MISTAKE #3: ONLY PLAN FOR THE C-SUITE

If you're creating succession plans only for the C-suite, you have the potential to leave gaping leadership holes when the time comes to promote your internal candidates into those C-suite roles. If you want to prepare your organisation for the future, you should be intentionally planning for succession at every step in the organisation's hierarchy, from individual performer to the C-suite.

## MISTAKE #4: ONCE YOU'VE IDENTIFIED POTENTIAL SUCCESSORS, YOUR WORK IS DONE

The succession plan is just the beginning! The next step is creating and implementing individualised development plans for your future leaders to keep them growing and highly committed to your organisation.

The next step is to continually add new people to that high-potential pool. Some people will be promoted and some people will leave the organisation, despite the investments you make in their growth.

If your business is growing, you will need more leaders in ten years than you need today. In order to meet the future leadership needs of the organisation, you must continually identify potential and develop it. **SME**



Whether you are a CEO or a human capital leader, here's the cold hard fact – no organisation can grow without great leadership. The average CEO's tenure is about nine years. And, for a variety of reasons, the need to replace a CEO creates additional holes in senior leadership you need to fill.

The bottom line is this: you need to be intentional about who will be leading your organisation in ten years. And the clock is ticking. There may not be a single right way to execute succession planning, but here are some common mistakes you can intentionally avoid along the way:

## MISTAKE #1: MAKE YOUR TOP PERFORMERS YOUR "SUCCESSION PLAN"

A person's outstanding performance in their current position does not necessarily predict outstanding performance at the next level. You have to be looking beyond performance to potential. We've all seen the Peter Principle in operation a few too many times, haven't we? Ask questions like these to look at potential for leadership excellence:

- ◆ Who asks great questions that push us beyond the status quo?
- ◆ Who is always learning more and connecting new ideas to our overarching goals?
- ◆ Who has the influence (even without formal authority) to advance ideas for making things work better?
- ◆ Who has a knack for seeing what other people do well and positioning those people to succeed in the process of achieving bigger picture team goals?
- ◆ Who do people naturally turn to for answers, advice or a listening ear?
- ◆ Who do you implicitly trust?
- ◆ Who elevates the game and the intensity of every other player when he or she walks onto the field?
- ◆ Who manages change and conflict in ways that keep people focused on achievement?

Whatever a person's specific expertise, these habits of thinking and action make success more likely at the next level of leadership.

STEPHEN WANG IS DIRECTOR OF  
ASIA PACIFIC AT TALENT PLUS

f

Because of my long-standing association with the Apache Software Foundation, I'm often asked the question, "What's next for open source technology?" My

typical response is variations of "I don't know" to "the possibilities are endless."

Over the past year, we've seen open source technology make strong inroads into the mainstream of enterprise technology. Who would have thought that my work on Hadoop ten years ago would impact so many industries – from manufacturing to telecom to finance. They have all taken hold of the powers of the open source ecosystem not only to improve the customer experience, become more innovative and grow the bottom line, but also to support work toward the greater good of society through genomic research, precision medicine and programs to stop human trafficking, as just a few examples.

Below I've listed five tips for folks who are curious about how to begin working with open source and what to expect from the ever-changing ecosystem.

1

## EMBRACE THE CONSTANT CHANGE AND EVOLUTION OF OPEN SOURCE

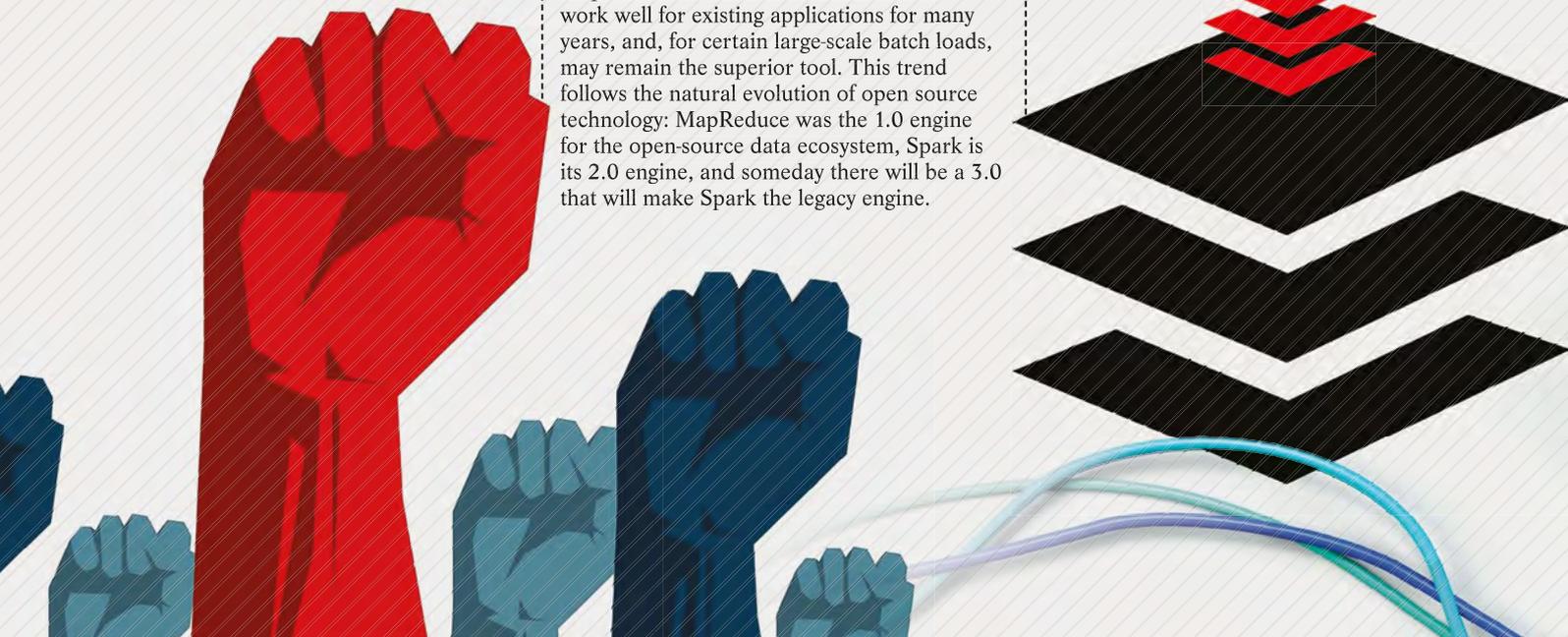
**C**onstant change: this is the first lesson anyone who is new to open source technology needs to learn and one of open source's biggest differentiators from traditional software. The nature of open source is fluid and flexible with new projects regularly being invented for specific use cases. This dynamic cycle propels products to get better faster. So, in order for companies to reap the full benefits of open source, they must be open to this change. The Spark vs. MapReduce debate is a perfect illustration of why this is important:

It's true that folks are building fewer new applications based on MapReduce and instead are using Spark as their default data-processing engine. MapReduce is gradually being replaced as the underlying engine in tools like Hive and Pig, but that doesn't make MapReduce obsolete. It will continue to work well for existing applications for many years, and, for certain large-scale batch loads, may remain the superior tool. This trend follows the natural evolution of open source technology: MapReduce was the 1.0 engine for the open-source data ecosystem, Spark is its 2.0 engine, and someday there will be a 3.0 that will make Spark the legacy engine.

2

## WHEN INTRODUCING A NEW TECHNOLOGY STACK, START SMALL AND GO FROM THE TOP DOWN

**R**ather than architecting and deploying point solutions, we now have general-purpose data platforms with many tools that can be combined flexibly for search, streaming, machine learning and more. Together these aspects require not just a different set of skills but a cultural shift around management style and organizational structure. For this reason, it's important to gain high-level support within an organization and introduce data management as an important boardroom-level discussion. I'd also recommend gradually building a new culture around a few new applications rather than replacing everything all at once to help everyone acclimate and starting with one specific use case.



# 5 WAYS TO BE SUCCESSFUL WITH OPEN SOURCE SOFTWARE

BY  
DOUG  
CUTTING

## 3

### AVOID CLOUD VENDOR LOCK-IN BY OPTING FOR OPEN-SOURCE SOFTWARE

**A**s more enterprise organizations and industries embrace the cloud, they should consider open-source software that's not only becoming more robust, scalable and secure, but which can also help them avoid cloud vendor lock-in. By building on an open-source platform, organizations can employ cloud-vendor arbitrage to keep costs down, use different clouds in different regions, or use a combination of cloud-based and on-premises systems. In fact, open-source platforms have also proven technically superior and will likely gain more ground in 2017. It's difficult for a single vendor to compete against a large number of institutions collaborating in open source. In addition, open-source data systems now lead in performance and flexibility, and they're improving more rapidly.



## 4

### FOR JOB SEEKERS, FOCUS ON THE FOREST AND NOT THE TREES IN THE OPEN-SOURCE ECOSYSTEM

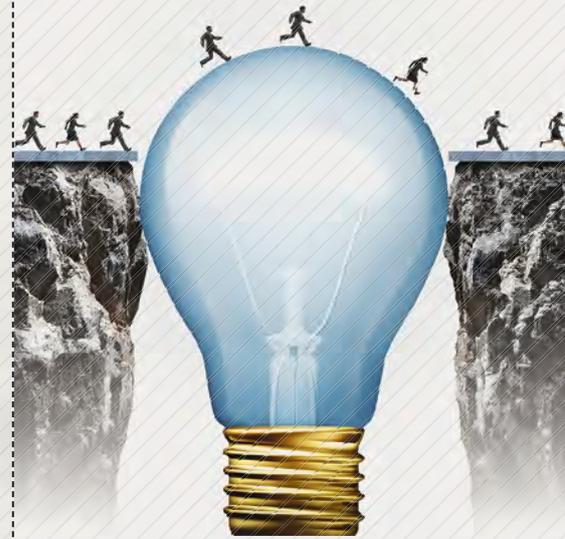
**J**ob hunters in the fields of IT, programming and data science shouldn't fixate on mastering individual technologies, but focus instead on understanding the best use of each of the components of the open source data ecosystem and how they can be connected to solve problems. This high-level architectural understanding is the most valuable skill to companies innovating in technology. Because as new technologies arrive, it's crucial to understand how they fit in, what they might replace and what they might enable.



## 5

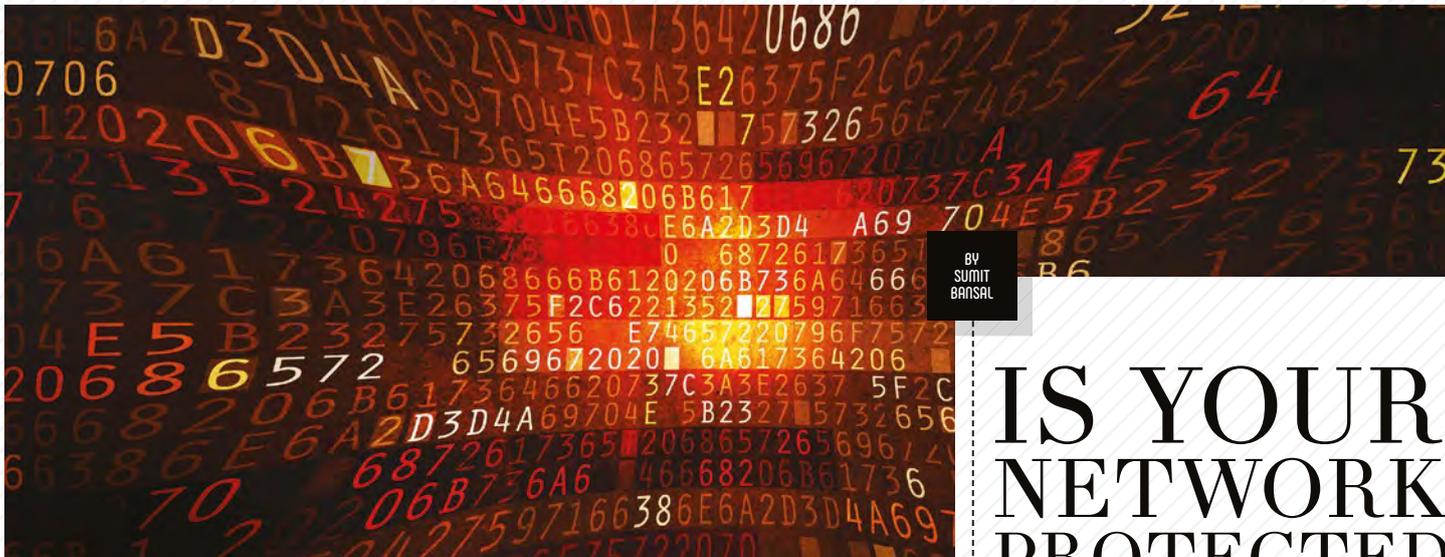
### SEEK OPPORTUNITY IN THE SKILLS GAP

**T**he skills gap in big data will remain relatively constant in the next year, but this shouldn't deter people from adopting Hadoop and other open-source technologies. As most of us know, when new technologies are created and vie for users, they are known by few. Only once a particular type of software is a mature standard part of the canon do we begin to have a substantial number of folks skilled in its use — but even then the skills gap can persist. It will disappear only when we stop seeing big improvements to the stack, which I doubt we want. In short, the skills gap is one of the primary factors gating the rate of platform change, but it's also a sign innovation is at hand.



**CONCLUSION** The open source ecosystem and its implementation in meaningful projects will continue to expand over the coming years. As an impetus for collaboration, it brings together today's brightest minds to move software development forward at a pace not possible ten years ago. If you have an idea for improving existing technologies or want to rally behind a notion for breaking the status quo, this is the place. I encourage everyone interested to get involved and for those open source veterans to keep committing to the cause. **ESME**

**DOUG CUTTING IS FOUNDER OF HADOOP**



aving been in the threat marketplace for several years, botnets are still successful today as it provides a powerful cloud computing network for hackers to spread malware and spam.

Like any other malware, botnets are introduced to the computer network through email attachments, websites and USB sticks. As the user accesses these files or compromised websites, malware from the botnets begin to spread and exploit vulnerabilities on the system.

In a recent research on global spam by SophosLabs, it was found that the global volume of spam dropped by more than half just before

Christmas and continued to stay at around the same level, believed to be due to the notorious Necurs botnet going quiet.

However, an old-school type of scam was seen to have resurfaced just last month with huge success. Known as pump-and-dump, the scam inflated the stock price of Incapta, a media holding company, encouraging the public to buy into the scam, thus pumping up the stock further.

**HOW DOES A STOCK SCAM WORK?** Hackers pick a cheap stock, concoct a believable story to talk it up, such as claiming the company is undergoing an acquisition. The hackers then buy the stocks to increase its stocks price and email unsuspecting victims encouraging them to buy shares in that company. The unsuspecting victims are influenced by the dramatic rise in the company's stock price and are enticed into buying the shares, falling prey to stock fraud.

**THE IMPACT OF BOTNETS** Botnets can have a devastating impact on organisations, particularly if the objective is to steal sensitive information. If the botnet is not after company data, it could be using the organisation's devices and network resources to cause harm to another organization; likely a partner company by spreading malware to their network too.

Once the botnet has a foothold in your organisation, it will typically call home to the hacker's command and control (C&C) server to register its success and request further instructions. It may be told to lie low and wait, attempt to move laterally on the network to infect other devices, or participate in an attack. This attempt to call-home presents an ideal opportunity to detect infected systems on your network that are part of a botnet, but it requires the right technology to be effective.

Unfortunately, other than the call home communications, a bot on your network may be extremely difficult to detect. In most cases, the infected device will continue to operate normally or perhaps experience a slow-down in performance that could be easily dismissed or attributed to other factors.

And this why a next-generation firewall is the first line of defense against botnets.

## BEST PRACTICES IN PROTECTING AGAINST BOTNETS

**ADVANCED THREAT PROTECTION (ATP):** ATP can identify botnets already operating on your network. Ensure your firewall has malicious traffic detection, botnet detection, and command and control (C&C) call-home traffic detection. The firewall should use a multi-layered approach to identify call-home traffic and immediately identify not only the infected host, but the user and process. Ideally, it should also block or isolate the infected system until it can be investigated.

**INTRUSION PREVENTION SYSTEM (IPS):** IPS can detect hackers attempting to breach your network resources. Ensure your firewall has a next-gen IPS that's capable of identifying advanced attack patterns on your network traffic to detect hacking attempts and malware moving laterally across

# IS YOUR NETWORK PROTECTED AGAINST BOTNETS?

your network segments. Also consider blocking entire Geo IP ranges for regions of the world you don't do business with to further reduce your surface area of attack.

**SANDBOXING:** Sandboxing can easily catch the latest evasive malware before it gets onto your computers. Ensure your firewall offers advanced sandboxing that can identify suspicious web or email files and detonate them in a safe sandbox environment to determine their behaviour before allowing them into your network.

**WEB AND EMAIL PROTECTION:** Effective web and email protection can prevent botnet-recruiting malware from getting onto your network in the first place. Ensure your firewall has behavioural-based web protection that can actually emulate or simulate JavaScript code in web content to determine intent and behaviour before it's passed to the browser. It is also important to ensure your firewall or email-filtering solution has top-shelf anti-spam and antivirus technology which helps detect the latest malware in email attachments.

**WEB APPLICATION FIREWALL (WAF):** A web application firewall can protect your servers, devices and business applications from being hacked. Ensure your firewall offers WAF protection for any system on your network that requires remote access from the Internet. A web application firewall will provide a reverse proxy, offload authentication, and harden systems from being hacked. **SME**

**SUMIT BANSAL IS DIRECTOR FOR  
ASEAN AND KOREA, SOPHOS**



# Celebrate the New Face of Responsibility!



*Responsibly Yours*

#### AURA

Affordable Apartments

#### LUXURIA

Luxury Apartments

#### EXOTICA

Premium Lifestyle Residences

#### ASSET PLUS

Ultra Luxury Private Residences

PROMPT DELIVERY

TOTAL QUALITY

CUSTOMER CENTRICITY

SOCIETAL RESPONSIBILITY

organic bps

The Culture of Responsibility that Kerala has borne in its heart, for more than a decade, gets a new face. Asset Homes evolves into a new brand identity. The 'keyhole' in the Tree of Trust manifests safety for investments, timely delivery and total quality, whereas the 'canopy' symbolizes customer centricity and sustainable living. Join us in this new journey, in the new look, to build homes in a million hearts!



Call: **98464 99999**



Corporate Office: G-129, 28/34 A, Panampilly Nagar, Kochi - 682 036. Tel: 0484 6456474

Dubai: +971 55 6795 000 Qatar: +974 31 291 634 USA: +1 703 589 6485

E-mail: enquiry@assethomes.in 95267 99999 [www.assethomes.in](http://www.assethomes.in) CREDIT







## KUMON

Year Founded: 1954  
CEO: Mino Tanabe  
Number of Franchisees:  
appx. 26,000

**H**igh school math teacher Toru Kumon developed the Kumon method of learning more than 50 years ago in Japan, when his son was struggling with second-grade arithmetic. Realizing that a strong foundation in the basics - addition, subtraction, multiplication and division - was essential for higher-level math, Kumon created a series of math worksheets for his son to work on after school. With daily practice, Kumon's son gradually expanded his mastery of mathematical skills and by sixth grade was able to solve differential equations and integral calculus problems. As young Takeshi Kumon's ability improved, other parents took notice and their interest in Toru Kumon's unique step-by-step self-learning method grew. Today, Kumon has helped millions of students in 49 countries.

Today, at locations across the world, Kumon franchisees apply this method of daily practice and self-paced advancement to children's math and reading skill.



## MATHNASIUM LEARNING CENTERS

Year Founded: 2002  
CEO: Peter Markovitz  
Number of Franchisees:  
appx. 800

**A**s a consultant to public and private schools, Larry Martinek saw first-hand the struggles that many students had with mathematics instruction. He spent three decades developing methods and materials to help give grade-school children a better foundation in math. His curriculum became the basis of the first Mathnasium Learning Center, opened by Peter Markovitz and David Ullendorff in Westwood, California, in 2002. The company began expanding a year later and now has locations across North and South America, Europe and Asia.

At the core of the programme is this: the company believe children need the human connection. No matter how advanced technology becomes, the human being remains the ultimate teaching technology. That's because there is no replacement for the emotional support, encouragement and sensitivity that make children thrive. They need us to believe in them. Just like adults, children yearn to be treated with dignity, respect and patience.



## SCHOOL OF ROCK

Year Founded: 1998  
CEO: Dzana Homan  
Number of Franchisees:  
appx. 200

**P**aul Green began offering music lessons out of his home in 1998, and in 2000, he opened the Paul Green School of Rock Music in Philadelphia. He opened more locations and began franchising the schools in 2005 before being bought out by investor Sterling Partners, who changed the name to School of Rock. School of Rock music schools teach guitar, bass, vocals, keyboards and drums, combining weekly private music lessons and group band rehearsals to prepare students for live performances. Day camps are also offered during summer, winter and spring breaks.

Today, School of Rock is the leader in performance-based after school music education. Students learn from professional musicians in an interactive environment combining weekly one-on-one lessons with structured group rehearsals culminating in a live performance in front of real crowds in real rock venues.



## EYE LEVEL LEARNING CENTERS

Year Founded: 1976  
CEO: Kang Ho Cul  
Number of Franchisees:  
appx. 1,400

**E**stablished in Korea in 1976, Eye Level's tutoring centers, located in more than 16 countries, use a learning method developed by Dr. Young Joong Kang. The system emphasizes individual learning, adjusted to the performance level of each student. Eye Level is based on an educational principle where students learn at their own pace. When a teacher understands the learning needs of a student, the teaching are most effective.

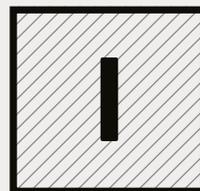
Eye Level Instructors serve as mentors who guide your children through their work while also providing direction, support, and encouragement. 



#### ITALY IN FIGURES

Official Name:	Repubblica Italiana
Capital:	Rome
Population:	62 million
Area:	301,338 km <sup>2</sup>
Ethnic Groups:	Primarily Italian, but there are small groups of Germans, French, Slovene and Albanian-Italians.
Life Expectancy:	82.7 years
Major Languages:	Italian
Major Religions:	Roman Catholic, Christianity, Atheism, Islam, Buddhism and Hinduism
Monetary Units:	Euro (EUR)
Unemployment Rate:	11.7%
Key Industries:	tourism, machinery, iron and steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear, ceramics
GDP:	\$2.2 trillion
GDP Per Capita:	\$37,900

# DOING BUSINESS IN ITALY



Italy has a diversified economy, which is divided into a developed industrial north, dominated by private companies, and a less-developed, highly subsidized, agricultural south, where unemployment is higher. The Italian economy is driven in large part by the manufacture of high-quality consumer goods produced by small and medium-sized enterprises, many of them family-owned. Italy also has a sizable underground economy, which by some estimates accounts for as much as 17% of GDP. These activities are most common within the agriculture, construction, and service sectors.



Italy is the third-largest economy in the euro zone, but its exceptionally high public debt and structural impediments to growth have rendered it vulnerable to scrutiny by financial markets. Public debt has increased steadily since 2007, reaching 133% of GDP in 2016. Investor concerns about Italy and the broader euro-zone crisis eased in 2013, bringing down Italy's borrowing costs on sovereign government debt from euro-era records. The government still faces pressure from investors and European partners to sustain its efforts to address Italy's longstanding structural impediments to growth, such as labor market inefficiencies, a sluggish judicial system, and a weak banking sector. Italy's economy returned to modest growth in late 2014 for the first time since late 2011. In 2015-16, Italy's economy grew 0.7% each year. In 2016, overall unemployment was 11.7%, but youth unemployment remains high at 37.1%.

## LANGUAGE

Language is perceived as a barrier in Italy as it may limit foreign investors' opportunities

to interact with local culture and dialects. Dialects or foreign languages are used by some 60 per cent of Italians and spoken exclusively by around 15 percent of the population. However, although many Italians converse in dialect at home, they tend to speak standard Italian when travelling outside their home or speaking to foreigners.

Italy is home to several linguistic minorities, some of which have been granted special privileges in autonomous or semi-autonomous regions, and their language given equal status with Italian. These include French (Valle d'Aosta), German (Alto Adige) and Slovene (Friuli-Venezia Giulia), which are all official languages taught in state schools in these regions.

The ability to use the right language and the right gestures when communicating is very important, especially in Italy. Hand gestures and personal contacts are a feature of Italian conversations. Thus, if you move away or keep your distance, this can be considered unfriendly. Italians are often guided by their feelings and trust is very important in establishing a good

business relationship. The average language competence level of Italians is below EU standards, especially among the older generation. Currently, English is the most used foreign language. English, French, and German are frequently spoken in tourist resorts as, in these areas Italians are obliged to communicate with foreigners in order to conduct their business. German is widespread in some areas, particularly in the north-east regions. Also, the use of a professional translator is widespread among businessmen.

## WORK ETIQUETTE AND CUSTOMS

Wherever business takes you, learning the culture, etiquette and



## FUN FACTS

- ◆ Nobody really knows where Italy got its name. "Italy" comes from a root word that means "land of young cattle".
- ◆ Italy is the fourth most populated place in Europe, mostly because of high birth rates and low death rates.
- ◆ Rome, Italy is home to hundreds of fountains, with the oldest being the Trevi Fountain.
- ◆ Italy stands on a fault line. It is plagued by earthquakes because of this; also, three volcanoes have erupted there in the last one hundred years – Etna, Stromboli, and Vesuvius.
- ◆ Italy is home to the highest mountain in Europe. It is called Mont Blanc (which lend its name to the pen brand).
- ◆ More than 50 million tourists visit Italy each year.
- ◆ Soccer is the most popular organized sport in Italy.
- ◆ Christmas is the biggest holiday of the year in Italy. The season lasts until January 6th.
- ◆ Pasta wasn't eaten with tomato sauce until the 1600's in Italy. It was generally eaten with honey and sugar.
- ◆ Musical notations are always in Italian.

protocol of the host country is a key step to success. Italy is no exception. Just as you would prepare your presentation before a big meeting. Therefore, use existing contacts and networks as an introduction before attempting to set up a meeting. It's important to prepare yourself by understanding the Italian customs, protocol and etiquette in a business. Because Italy is a highly individualistic society, that emphasizes family ties and individual responsibility. In general, they prefer doing business with someone they know or have been introduced to. Once you've been properly introduced or recommended, writing a letter in Italian, suggesting a meeting would be an easier way to get in touch with the leaders or CEOs which can

later be followed up by email, a phone call or fax form where ever you are.

Dressing sense is something that lives in Italians, thus dress to impress, just as the Italians do. Try to avoid scheduling meetings in August as this is a hectic time for businesses due to their employees taking time off for the summer holidays. Demureness and formality, often termed *Bella Figura*, are key elements in the Italian business culture. Maintaining an air of *Bella Figura* is believed to enhance both beauty and peace in the world. What you wear sends a clear message as to what type of person you are and will make a lasting impression. In addition, all business materials and presentations should be aesthetically pleasing to your Italian business associates.

Good manners and courtesy are essential in Italy; above all, considerateness is highly rated. Also, Italians prefer non-verbal communication as the key for a relationship to grow. Large hand gestures, freely flowing emotions and close personal contact are often present in Italian conversations. Avoid moving away or keeping your distance as this can be perceived as unfriendly. Moreover, Italians are often guided by their emotions, establishing a business relationship based on trust is vital for a successful business negotiation.

Time is likewise observed as a typical issue confronted by foreign investors and locals. Punctuality is not generally practiced in many businesses

dealings but foreign investors are expected to be on time but the Italian executive might not be as prompt. Remember the rule above about courtesy being highly rated therefore, visitors and foreigners must show their consideration by arriving promptly and respect their time. There is a tendency for Italians to view urgency as a weakness. Further, maintaining good eye contact throughout the meeting to show that you are sincere and honest. Italians have a great deal of respect for authority, power and age. Always give preferential treatment to the most senior person present. Don't be surprised if your Italian counterparts interrupt each other or speak simultaneously, this is a part of the Italian communication style.

During negotiations, instead of understanding Italians will want to make a careful, calculated decision. Initial meetings in Italy tend to be more for establishing a relationship and evaluating potential colleagues rather than for making decisions. While, high pressure sales tactics don't work in the Italian business climate. Instead, decisions are often based on the impression you have made rather than on the actual business proposal. It is therefore suggested that those who wish to deal with them in business should be patient and avoid putting on pressure as this is an affront to the Italian protocol. Do your part by being honest, respectable, well dressed and by following through on any verbal agreements or commitments you have made.



## TIPS ON DOING BUSINESS IN ITALY

- ◆ Punctuality. Meetings in Italy begin punctually late: they start late and they finish late
- ◆ It's all about the food. It will probably come as no surprise that food and business go hand in hand in Italy. Often in Italy the most important business is concluded at table over a glass of wine or good food.
- ◆ Be spontaneous. While in England, for example, formality and following protocol are paramount, in Italy business meetings are more spontaneous and emotions tend to come to the fore.
- ◆ Dress to impress. Because whoever is equipped with a good knowledge of manners and business etiquette knows that elegance and style are fundamental elements. **SME**

# 4 WAYS TO PROTECT AND RECOVER FROM RANSOMWARE ATTACKS

**T**he number of ransomware incidents targeting healthcare is on the rise. It's become an easy source of revenue for cyber criminals, and as such the number of attacks continues to grow every year. When a successful attack occurs, healthcare organizations lose access to critical electronic files, putting patient care in question. To restore access, organizations are faced with the decision to pay the ransom – with the hope that the files are actually released – or attempt an ad hoc recovery, with no guarantee that current data can be reliably reproduced. To maintain necessary access to clinical data to ensure quality care, consider these four best practices to protect and recover from ransomware attacks with confidence.

**BEST PRACTICES TO GUARD AGAINST RANSOMWARE ATTACKS** Implementing a multi-layer security strategy – including anti malware, personal firewall, hard disk and file encryption, DLP and more – is critical to protecting against growing cybersecurity threats. However, even with all of these endpoint protection solutions, there's still a modest chance of breach. According to the Gartner Magic Quadrant for Endpoint Protection Platforms, “When 44% of reference customers for EPP (Endpoint Protection Platforms) solutions have been successfully compromised, it is clear that the industry is failing in its primary goal: blocking malicious infections.”

To protect the healthcare environment from ransomware, consider the following best practices:

**HAVE AN EFFECTIVE INFORMATION SECURITY PROGRAM** If your organization is new to information security, or you have only a partially implemented information security capability, consider taking the following steps outlined in the following table to put an effective security program in place.

STEPS	ACTIONS	STEPS	ACTIONS
<b>KNOW WHERE CRITICAL DATA IS STORED</b>	Maintain awareness of data location <ul style="list-style-type: none"> <li>◆ Data center</li> <li>◆ Remote facilities</li> <li>◆ Cloud</li> <li>◆ Service Provider</li> </ul>	<b>DETECT AND PREVENT</b>	Employ a multi-faceted security solution <ul style="list-style-type: none"> <li>◆ Protect against file-based threats (traditional AV), download protection, browser protection, heuristic technologies, firewall and a community sourced file reputation scoring system</li> <li>◆ Keep systems and software updated with relevant patches</li> </ul>
<b>INVENTORY SYSTEMS</b>	<ul style="list-style-type: none"> <li>◆ Know which systems handle sensitive data: store, process and transmit</li> <li>◆ Understand the data flow</li> <li>◆ Determine which systems present the highest risk to your operations</li> </ul>	<b>USE EXTERNAL CERT GROUPS (COMPUTER EMERGENCY RESPONSE TEAMS)</b>	<ul style="list-style-type: none"> <li>◆ Often identify a problem before the virus software companies</li> <li>◆ Can make recommendations on immediate steps for manual filtering (software companies may require hours or days to release a patch)</li> </ul>
<b>ASSESS RISK</b>	Include electronic records, physical media, and the availability of critical systems, services, or devices	<b>IDENTIFY AND STOP INFECTION</b>	Define a comprehensive prevention policy <ul style="list-style-type: none"> <li>◆ Includes endpoint and network policies and protection products, such as antivirus, antispymware, and firewall-type products</li> <li>◆ Limits execution of unapproved programs on workstations</li> <li>◆ Limits the write capabilities of end users so that, even if they download and run a ransomware application, it is unable to encrypt files beyond the user's specific files</li> <li>◆ Include electronic records, physical media, and the availability of critical systems, services, or devices</li> </ul>
<b>APPLY SECURITY CONTROLS</b>	Select, apply and manage security controls based on risk	<b>KEEP A "GOLD" IMAGE OF SYSTEMS AND CONFIGURATIONS</b>	<ul style="list-style-type: none"> <li>◆ A fundamental element of data management policies</li> <li>◆ Easily clone infected system with master</li> </ul>
<b>MONITOR EFFECTIVENESS</b>	Prepare for the evolving threat landscape <ul style="list-style-type: none"> <li>◆ Proactively evaluate the effectiveness of risk-based information security strategy, the security controls applied, and the proper implementation of security technologies</li> <li>◆ Apply corrective actions, remediation, and lessons learned</li> </ul>	<b>MAINTAIN A COMPREHENSIVE BACKUP STRATEGY</b>	<ul style="list-style-type: none"> <li>◆ The fastest way to regain access to your critical files</li> <li>◆ Take volume level snapshots more often (every 15 minutes) and store them for a longer period of time.</li> <li>◆ Remove the impacted system from the network and remove the threat.</li> <li>◆ Restore any impacted files from a known good backup</li> </ul>
<b>EDUCATE USERS</b>	Make sure employees are educated on what to do when they receive emails from unknown senders with suspicious attachments or links (see Appendix for recommended steps)		

## PROTECT DATA WITH TECHNOLOGY BEST PRACTICES

With the growing number of threats, coupled with the evolving sophistication of attacks, healthcare organization need to clearly understand the cost tradeoffs of investing in cybersecurity and employee education, against loss of access to critical data and the resulting impact on patient care.

Network security is a good first line of defense in guarding against ransomware attacks. And by implementing effective technology best practices, healthcare organizations can further protect their critical data and IT infrastructure. The following table outlines key technology strategies to help eliminate the potential for infection by ransomware attacks.



**MONITOR EFFECTIVENESS**

- Prepare for the evolving threat landscape
- ◆ Proactively evaluate the effectiveness of risk-based information security strategy, the security controls applied, and the proper implementation of security technologies
  - ◆ Apply corrective actions, remediation, and lessons learned

**EDUCATE USERS**

Make sure employees are educated on what to do when they receive emails from unknown senders with suspicious attachments or links (see Appendix for recommended steps)

**EMPLOY EFFECTIVE BACKUP STRATEGIES**

a ransomware event is a progressive hack. It works over time, and can run in the background for a week or more, and learn the behavior of your backup routines. As such, it is important to maintain a persistent copy of the data in other locations as part of your disaster recovery procedures.

Many who only rely on snapshots as backup are at a higher risk. When the snapshot or the other instance is replicated, the source is corrupted too, as it follows the replication. Have a preserved version of the data from prior recovery points in protected locations is the ticket.

Using a cloud library is another alternative for a good external collection. Since the cloud backup is not visible to the local administrator operating system account, it would require additional sophistication to gain access to your cloud user credentials. And while no one loves tape in the day of “disk only,” it may prove to be a better alternative in some cases, as the online nature of disk is what exposes the persistent risk.

**EDUCATE EMPLOYEES TO SECURE THE ENDPOINT**

Finally, educating clinicians on good security habits is essential to keeping healthcare systems and PHI secure. Remind them to use common sense. As described by the Internet Security Threat Report, educate your users on the best practices outlined in the following table:

**EMPLOY ENDPOINT PROTECTION BEST PRACTICES**

- ◆ Be cautious when clicking on URLs in emails or social media programs, even when coming from trusted sources and friends.
- ◆ Employ safe social media conduct. Hot topics are prime bait for scams, not all links lead to real login pages.
- ◆ Encourage employees to raise the alarm if they see anything suspicious.
- ◆ If Windows users see a warning indicating that they are “infected” after clicking on a URL or using a search engine (indicative of fake antivirus infections), educate users to close or quit the browser using Alt-F4, CTRL+W or to use the task manager, and then notify the helpdesk.
- ◆ Deploy web browser URL reputation plugin solutions that display the reputation of websites from searches.
- ◆ Restrict software to corporate-approved applications, and avoid downloading software from file sharing sites. Only download packages directly from trusted vendors’ websites.
- ◆ Deploy two-step authentication on any website or app that offers it.
- ◆ Ensure clinicians have different passwords for every email account, applications and login – especially for work-related sites and services.

**CONCLUSION** Securing PHI and other critical information is a necessity for healthcare organizations in order to provide patients the best possible care, and maintain compliance with industry regulations. And guarding information from ransomware attacks should be a top priority for healthcare organizations to avoid the loss of availability to critical information and systems. Protect clinical data by paying close attention to security, technology, backup and employee best practices. As a result, your critical data will be secure and you’ll improve business continuity while mitigating ransomware risk. **ESME**

STEPS	ACTION
<b>EMPLOY BACKUP AND DR PROCESSES</b>	<ul style="list-style-type: none"> <li>◆ Directly call out a backup copy rather than versions stored on the same system.</li> <li>◆ Have external backup copies of the data beyond simple snapshots that are maintained on the source system.</li> </ul>

STEPS	ACTION
<b>TRAIN USERS TO PRACTICE SECURITY BEST PRACTICES</b>	<ul style="list-style-type: none"> <li>◆ Do not open attachments unless they are expected and come from a known and trusted source.</li> <li>◆ Do not execute software that is downloaded from the Internet (if such actions are permitted) unless from a trusted source or the download has been scanned for malware.</li> </ul>



# AL AIN OILFIELD SERVICES CO. L.L.C.

## Abu Dhabi , United Arab Emirates

Pictures Our Own Projects Building Completed Properties  
under Ahmed Mohammed Amer

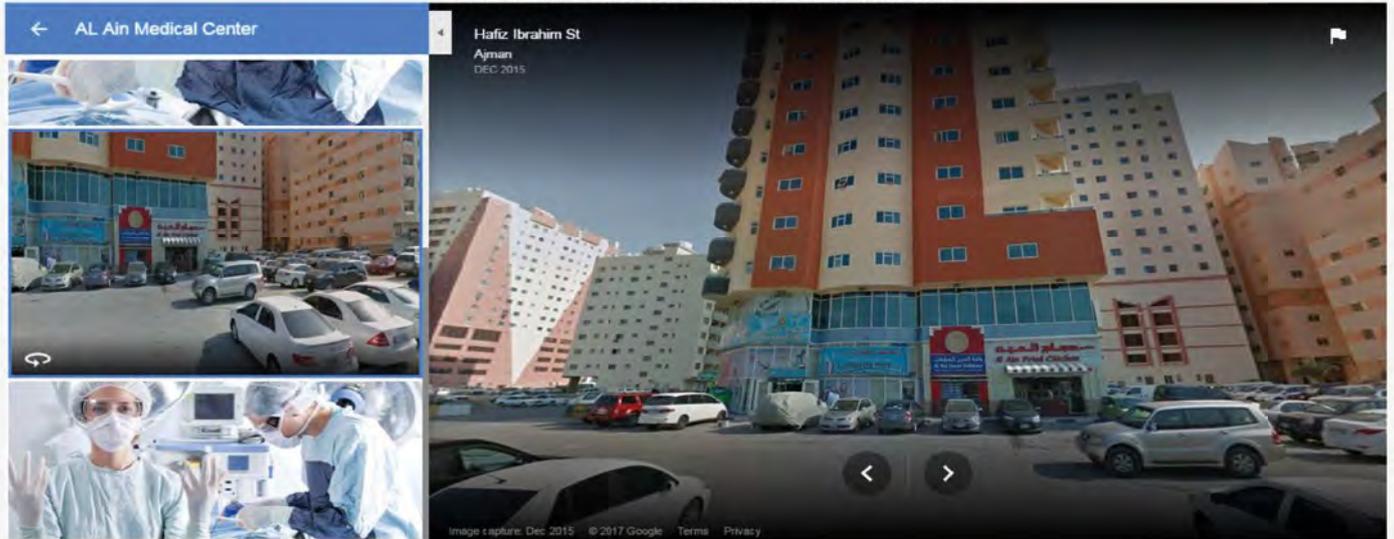
AL AIN SUPERMARKETING & APARTMENT



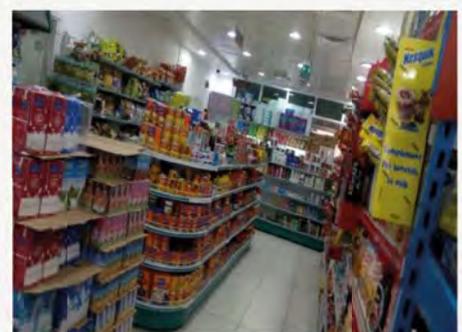
AL AIN HOTEL AJMAN



AL AIN MEDICAL CENTER- AJMAN



STEP GROCERY (38 NUMBERS)



**W**hat do we measure now? When we talk about sales metrics we usually think units, volumes, quota, members signed, calls made. Generally speaking, these metrics would have been put in place in an organisation at the time that the sales team was established, and (maybe) changed from time to time, usually from quota to number of calls or units, and so on.

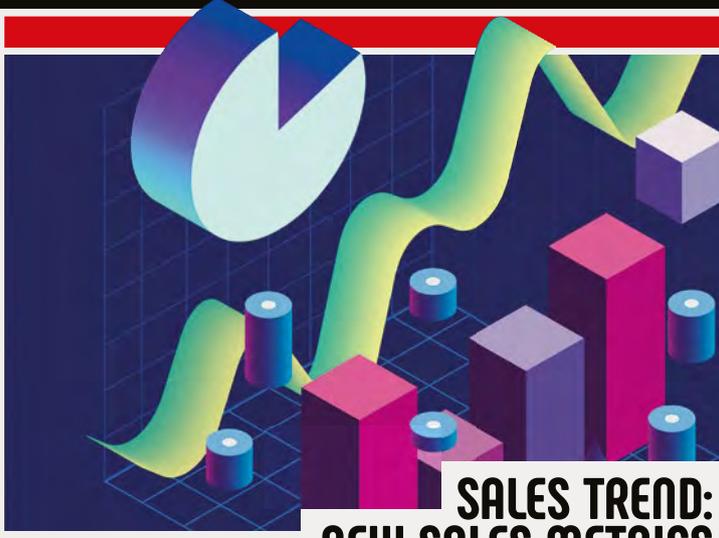
The current state of flux of markets and most industries is quite different from the time when the use of these metrics was best practice. It is time to consider: are those metrics still useful? Are the metrics that we have in place helping us achieve our goals? Are they encouraging the right behaviours in our sales team?

Are our metrics based on things that are at least to a certain point in the salesperson's control?

Sales teams are still using sales metrics that don't do them any service. Some are irrelevant—this can be the case of units sold, calls made, etc.; some drive the wrong behaviours (or at least the kind of behaviour that can become a problem and at an extreme are immoral and/or illegal, think Volkswagen, Wells Fargo, Youi, Commbank).

It is human nature to tend to do things as they have always been done. We resist change and even when change happens we sometimes keep on going the same way we have done before. We keep on going with inertia. But this behaviour can have us doing things—measuring sales performance, in this instance—in ways that are less than efficient.

This sales trend is about companies coming to terms with the idea of new and changing sales metrics to move their sales teams



*Sue Barrett is a sales expert, writer, business speaker and adviser, facilitator, sales coach, training provider and entrepreneur. Sue founded Barrett in 1995 to positively transform the culture, capability and continuous learning of leaders, teams and businesses by developing sales driven organisations that are equipped for the 21st Century.*

## SALES TREND: NEW SALES METRICS

from ordinary to extraordinary.

There are two main points that we'd like to focus on: Firstly, the relationship between sales metrics and behaviour; and secondly, the validity of established sales metrics in the current environment.

**SALES METRICS AS DRIVERS OF BEHAVIOUR** If people in your organisation are measured against each other, it's quite possible that you won't have a collaborative team. If you measure safety, customer satisfaction, or other metrics aligned with what clients value, you probably have a more successful, collaborative and cohesive team, made up not only of salespeople, but also other front-line staff, and back end office staff.

Metrics have incredible influence on the behaviour of the team, directly or indirectly. If a person's performance is going to be measured by a certain bar, it is reasonable to expect that it will have some effect on that person's behaviour.

For this reason, it is vital to understand which metrics will drive the behaviours you want to see in your sales, customer service and delivery teams. So, here are a couple of basic questions to consider: Are you using metrics that drive the right behaviours? Do your metrics drive behaviours that improve customer experience?

To choose the right metrics it might help to think about which behaviours you want to drive, what your customers value, and what others in your industry and the industry 'next to yours' are doing and measuring.

### ARE YOUR SALES METRICS UP TO DATE WITH THE CURRENT MARKET CONDITIONS?

It is also important to look at disruption factors and newcomers to the market.

There's rarely an industry that has not been disrupted over the past few years. There are new forms of competition, new ways for clients to access products or services, obsolescence, new payment methods;

you name it. It is quite surprising then, that some companies have not changed what they measure in terms of sales.

There are other reasons why a company might need to change its sales metrics. For example, a change in the company focus or strategy might require that the sales teams put the effort on profit, and maybe not all products, solutions or clients create the same profit. In this case, continuing to measure units sold—or something like it—won't be very useful, and a change in metrics to profit is more suitable.

To shift sales teams from ordinary to extraordinary, business and sales leaders need to have the courage to do things differently and avoid the 'status quo' trap.

Markets change constantly, so you should be regularly checking that your metrics are up-to-date and able to deliver your sales strategy, the results that you need, and drive the behaviours you expect from your team.

Remember everybody lives by selling something. **SME**

Unveiling of a **NEW** experience

www.pearl.com.my

PEARL INTERNATIONAL HOTEL KUALA LUMPUR 珍苑國際酒店  
 Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia  
 Tel: 603-7983 1111 Fax: 603-7983 2211 E-mail: pih@pearl.com.my  
 (Wholly owned by Aikbee Timbers Sdn. Bhd.: 36911-K)

ANKBEE GROUP



**Dr. Marshall Goldsmith** was selected as one of the 10 most Influential Management Thinkers in the World by Thinkers50 in both 2011 and 2013. Marshall's exciting new research on engagement will be published in his upcoming book – 'Triggers'

## DISRUPT YOURSELF WITH TERM LIMITS



**N**ormally, successful people are highly committed to their work. Here is the problem: the more committed we are to a given path the harder it is for us to admit when it's time to leave. This is why leaders need term limits – it is often just too difficult for them to set these for themselves.

I have had the privilege of working with more than 120 CEOs. I've also had the unfortunate privilege of working with four CEOs for whom it was time to leave. I said to them, "It is time to leave now. Leave with dignity. Don't embarrass yourself." I failed in all four cases. They didn't leave, and a couple of them were on the covers of national magazines – embarrassing themselves and the company.

Why didn't they leave when it was time to go? Because it is

incredibly difficult for highly successful leaders, who have put their heart and soul into something, to look into the mirror and say, "This doesn't work. It's time to go." The very fact that they are so highly committed to what they are doing makes it very hard for them to hear contrary information. This is true for leaders at all levels, not just the CEOs. Almost every executive goes through this dialog as part of the challenge of letting go. This fear often results in postponement of the succession announcement until the last minute – and inhibits what could have been a much smoother transition process.

A smoother transition process looks something like this.

When it is approaching time to leave or move on to a new position, face reality – you will become a lame duck. Attention will immediately shift to your successor. Her vision for the future will mean more than yours. If you disapprove of executive team members' ideas, they will just wait it out and resell the same ideas to your successor. People will start sucking up to her – in the same way they used to suck up to you. Make peace with being a lame duck before it actually happens and your life, your successor's life, and the lives of your colleagues will be a lot better. Talk to your successor so you can leave them in a position to succeed. Being a lame duck doesn't have to be all bad. Use this period to coach your successor (behind the scenes). Begin the transfer of power before you have to. Support your successor however you can. Build her confidence. Involve your successor in all important decisions and, to the degree humanly possible, make sure that she agrees with any of your announced strategies. Remember, she is the person who is going to have to live with

them for the next few years – and make them work.

If you want to be a great lame duck, make those tough, unpopular decisions that you know are good for the company. Don't worry about finishing on a great note. Be willing to make long term investments that may cost the company in the short run – but promise to produce desired results in the long run. Be more focused on putting your successor in a position where she will succeed, than finishing in a way that will make you look good.

Be a happy duck. Go home a little earlier. Spend some more time with the family you may have neglected in the past. Reacquaint yourself with your spouse.

My final advice is simple but often ignored—focus less on what you're leaving and more on where you're headed next. **SME**

AD

**ENGINEERING A NEW POWER HORIZON**  
EXPERTS SOLAR MOUNTING STRUCTURE SYSTEM  
SOLUTION PROVIDER - OPTIMAL OUTCOME FOR ALL PROJECTS

**HEAD OFFICE**  
No. 11B, Jalan Rodat 2A/KU 5,  
Bandar Bukit Raja, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.

TEL : 03-3884 4451  
EMAIL : info@solarbina.com

**PHILIPPINES OFFICE**  
Level 26 - A Rufino Pacific Tower  
6784 Ayala Avenue, Makati City,  
Makati, Metro Manila, Philippines.

TEL : +63(0)2 224 4386  
EMAIL : info@solarbina.com



**Brad Feld** has been an early stage investor and entrepreneur for over 20 years. Prior to co-founding Foundry Group, he co-founded Mobius Venture Capital, and prior to that, founded Intensity Ventures, a company "that helped launch and operate software companies. He is also the co-founder of TechStars.

**A**n hour into dinner last night with Alex Rigopolos, he picked up his phone, tapped away at it for a few seconds, and slid it across the table to me. I then read the following:

*"It's dark because you are trying too hard.*

*Lightly child, lightly. Learn to do everything lightly.*

*Yes, feel lightly even though you're feeling deeply.*

*Just lightly let things happen and lightly cope with them.*

*I was so preposterously serious in those days, such a humorless little prig.*

*Lightly, lightly - it's the best advice ever given me.*

*So throw away your baggage and go forward.*

*There are quicksands all about you, sucking at your feet,*

*trying to suck you down into fear and self-pity and despair.*

*That's why you must walk so lightly.*

*Lightly my darling, on tiptoes and no luggage, not even a sponge bag, completely unencumbered."*

- Island, Aldous Huxley

Alex and I have been close friends for over 20 years. I was an early angel investor in Harmonix in the mid-1990s, enjoyed the Viacom acquisition of Harmonix in 2007, watched Alex and his co-founder Eran acquire Harmonix back from Viacom in 2010, and then I invested again in the company in 2013 with my partners at Foundry Group. Throughout, we've had an emotionally intimate relationship that I treasure, even though we aren't often in the same physical location.

Our conversation last night was 1% Harmonix and 99% life. I prefer this as I have plenty of time to talk about work with Alex and the team at Harmonix, but precious little time to sit quietly, with a very long-time friend, and talk about life.

The Huxley quote surfaced as we were talking about attachment, detachment, and non-attachment. Walking lightly and non-attachment are similar, so we spiraled deep into that for a while, enjoying a harmonious intertwining conversation about these concepts against the backdrop of our current life.

As I walked home from dinner for the third night in a row in the rain in Kendall Square, I barely felt my feet touching the ground. SME

**LEARN TO DO EVERYTHING LIGHTLY**

AD

**JOBS DONE**

- FMCG
- F&B
- O&G Pipes
- Pharmaceutical
- Solar Panel
- Fertilisers



**ikargo**

**YOUR LOGISTICS ASSISTANT**

Connecting You To Thousands Of Trucking And Shipping Companies

**GET THE BEST RATES NOW!**

CONTACT US AT

**+6012 660 4490**  
**+6012 226 2080**

marketing@ikargo.com  
[www.ikargo.com](http://www.ikargo.com)

Air Ride, Double Deck, Cold Chain, Haulage, Low Loader, Platform, Tankers, FTL, LTL, FCL, LCL



**Ron Kaufman** is the world's leading educator and motivator for upgrading customer service and uplifting service culture. He is author of the bestselling "UP! Your Service" books and founder of UP! Your Service.

## BUILD A SUPERIOR SERVICE CULTURE

### THE PROBLEM WITH CUSTOMER SERVICE TRAINING

**M**any organizations spend heavily on service training and wonder months later why no substantial improvement has been achieved.

Training teaches someone how to "do" something in a specific situation. Training, by its nature, is tactical, prescriptive and differs between functions and departments.

This can result in a fragmented understanding of service inside an organization. It can also leave employees unsure what to do when they encounter a situation they have not been trained to handle. This leads to frequent escalations that take time and resources to resolve - with no guarantee of a desirable outcome for the customer.

**BUILD A SUPERIOR SERVICE CULTURE** Organizations that build a Superior Service Culture create an environment with a shared understanding of fundamental service principles and common language to speak about and deliver superior service.

In a Superior Service Culture, everyone is educated, motivated, recognized and rewarded for creating increasing value for customers and colleagues.

A Superior Service Culture must be intentionally designed, developed and sustained over time. A proven architecture of service education, leadership, momentum and support can be applied to successfully engineer a Superior Service Culture throughout your organization.

**WHY BOTHER?** Organizations that provide superior service - and constantly step up to new levels - create value for customers beyond the usual comparisons of price, features and specifications.

This deepens your relationship with customers, earning higher volumes, margins and profits. This differentiates you from the competition and leads to a sustainable competitive advantage.

**WHAT'S NEXT?** At a macroeconomic level, service industries are replacing manufacturing, agriculture and resource exploitation as a cornerstone of economic growth in developed and developing countries.

In developed countries, the impact of globalization, commoditization and ease of switching suppliers means customers have more choice.

Organizations must work smarter to create profitable relationships and sustain customer loyalty.

Service excellence is no longer the exclusive domain of hospitality, retail and food and beverage sectors. Internet technology, trade liberalization and maturing markets have increased competitive intensity across many industries including medical, financial and professional services, technology, telecommunications, manufacturing and even government sectors.

As customers become increasingly sophisticated and expectations rise, what delights customers today is merely normal tomorrow. Superior service is now a moving target. Customer Service Training alone cannot keep pace.

To win in today's world, you must build a Superior Service Culture. **SME**

# MAXX OIL

YOUR ENGINE'S PARTNER

## An American Innovation



PART • SEMI • FULLY SYNTHETIC • GEAR OIL • BRAKE FLUID  
AUTO TRANSMISSION FLUID • ENGINE COOLANT

For dealers enquiry, email to [info@maxx-oil.com](mailto:info@maxx-oil.com) [www.facebook.com/maxxoil](http://www.facebook.com/maxxoil) [www.maxx-oil.com](http://www.maxx-oil.com)



# TO GO OR NO GO THAT IS THE QUESTION

**L**et's talk about the creation of a formal Feasibility Plan which will help you determine the true feasibility of your big business idea.

A feasibility plan is just that: a written plan that is created for the sole purpose of validating the feasibility of a business idea. Some call it a "Go/No Go" plan, because the results of a well-constructed feasibility plan will tell you whether or not the idea has a chance for success (that's a Go) or if this idea would be best left on the drawing board (that's a No Go).

The last thing an entrepreneur (particularly one without prior business experience) wants to hear is that their business idea won't fly, so they put on blinders and resist testing the idea using real world information.

Writing a detailed feasibility plan will force you to take off the rose colored glasses and look at the idea honestly and entirely. It will help you define your market, identify your customers, potential partners and competitors, recognize opportunities and warn of potential threats.

Starting a business without testing its feasibility is like teaching your kids to swim by chucking them in the lake. It might be fun to try with your sister's kids, but not your own... just not a good idea.

Writing a feasibility plan is much like writing a mini-business plan. The end result should be a formal document that includes an executive summary, a product or

service plan, a marketing plan, a price and profitability plan, and a plan for further action. Let's take a look at each section.

**EXECUTIVE SUMMARY** The Executive Summary is the first section of the plan and sums up the high points detailed throughout the remainder of the plan. The Executive Summary should include a brief, but thorough description of the idea, an overview of the products or services to be offered, the target market and target customer, startup costs, and pricing and profitability. Keep the Executive Summary to one page. I have seen Executive Summaries that rambled on for pages and pages. Keep each topic to one or two tight paragraphs and go into further detail in the individual sections of the plan.

**PRODUCT AND SERVICE PLAN** This section details the product or service the business will offer. The point of the feasibility plan is not only to determine the Go/No Go result, but to get you really thinking about the idea from all angles. What is the purpose of the product or service? What stage of development is the idea in? What are the limitations of the product or service? Is there intellectual property involved? Are there government regulations or product liability issues to be considered? Are there opportunities for future expansion or spin offs?

**MARKETING PLAN** The marketing plan is one of the most important sections of the feasibility plan because it is here that you identify your market, your customer, and your competition. You will need to do market research to gather the information required to develop a realistic marketing plan. Just opening up the Yellow Pages to see what similar businesses are listed is not enough. You must have a clear handle on the size of your market, growth potential, and trends. You should identify all manner of competition (direct and indirect), and detail the advantages and disadvantages that your idea has when compared to competitors. You should also profile your target customer and tell why the customer would buy from you and not someone else.

**PRICING AND PROFITABILITY** The pricing and profitability section should include information on how the price of your product or service was determined and the expected profitability. Many entrepreneurs have no clue how to determine the price for their product. Some use what I call the "Shrek Method," whereby the price is pulled out of their ear (see the movie, get the joke). There are a number of ways to determine pricing, but that's another column. Once you have pricing data in hand, include it in this section along with details on sales estimates, costs of goods sold, gross margins, operating expense estimates, start up costs, capital expenditures, etc. The pricing section is where many ideas are abandoned because the entrepreneur discovers that the cost to deliver the goods is just too high and the profit margins just too low to merit execution.

**PLAN FOR FURTHER ACTION** This final section of the feasibility plan simply details the next steps in executing the plan if a "Go" decision has been reached. Do you need capital for start up expenses? If so, how



As a sought-after corporate speaker and comedian, published author, talk radio host, syndicated business columnist, and self-professed Mama's Boy, Tim's unique perspective is enjoyed by thousands who listen to his radio show, read his books and columns, and hear him speak every year.



much and where will it come from? Is there a location to consider and equipment to be purchased? What role will you play in the operation of the business? Is there a business plan in work? Are there licenses that must be obtained or legal tasks like forming a corporation to be taken care of? Are there partnerships to be formed or key team members to be recruited? Finally, don't fear the outcome of the feasibility plan. If the feasibility plan reveals that your idea was a dud, i.e. a "No Go," it is better to know that before spending thousands of dollars and tens of thousands of dollars executing an idea that would have been better off left bouncing around inside your head.

Here's to your success! **SME**

*Singapore*  
**Gifts Show**

**12 - 14 July 2017**  
Suntec Singapore, Hall 401-402  
11am - 6.30pm

[singaporegiftsshow.com/register-now](http://singaporegiftsshow.com/register-now)  
Tel: +65 6395 7517  
Email: [singaporegiftsshow@ttgasia.com](mailto:singaporegiftsshow@ttgasia.com)

Find **PERSONALISABLE GIFT IDEAS** That Work For Your Brand

**FREE ADMISSION**  
Register Online NOW!



**Dave Kurlan** is a best-selling author, top-rated speaker and thought leader on sales development. He is the founder and CEO of Objective Management Group, Inc., the industry leader in sales assessments and sales force evaluations, and the CEO of David Kurlan & Associates, Inc., a consulting firm specialising in sales force development.

**O**ne of the many OMG findings is "Enjoys Selling." Recently, we performed an analysis of those salespeople who had Strong Desire and Strong Commitment toward sales success, but who did not Enjoy Selling and were not motivated. It is a very rare combination - we see it in only 1 in 400 salespeople - except in countries, cultures and companies where the emphasis is on hiring entry-level salespeople. Then, the rate of occurrence can be as high as 1 in 200. Still rare, but twice as likely to occur. To put this in context, fewer than 5% of salespeople don't enjoy selling, and fewer than 5% aren't motivated. But only 1 in 400 have both of these as weaknesses yet still have both strong Desire and Commitment. Who are these salespeople? How can they be committed and have strong desire but not enjoy it or be motivated? Intrigued?

I don't have a scientific answer for this question, but I do have some possibilities.

Some feel obligated to sell.

They are in a family business and they are part of the family. They feel obligated to a parent, grandparent, spouse, uncle, aunt or in law.

Some are selling for the first time and they want to succeed - at whatever they do. They are pushing through - not because they enjoy selling and feel motivated to sell - because they have a need to get their careers off to a good start.

Some are aging career salespeople and need to succeed because they are nearing retirement. They no longer enjoy selling and no longer feel motivated to sell but they are pushing through out of necessity.

So if this anomaly represents such a small percentage of salespeople, why did I bother to write about it?

Because you might have one of these people working for or applying for a job one day and you should understand the hidden factors that will have an affect on their results.

According to recent Gallop research, there is a 20% improvement in sales when companies select the right salespeople. OMG can help you select the right salespeople with the most accurate and predictive

sales candidate assessment and the one that has been named the Top Sales Candidate Assessment for 5 consecutive years.

The Tenfold Blog quoted 20 Business and Sales Leaders on what they believe is the #1 Trait of Superstar Salespeople. It's very difficult to narrow selling down to 1 trait, but 20 of us did exactly that and you can see what we all had to say. As a reader of this Blog, I don't believe that you will be able to agree with half of the 20 quotes! Compare that with this article on the 10 Differences Between Sales Winners and Losers. **SME**

## THE ONE SALES DATA POINT THAT VARIES WILDLY



# SAVE UP TO 60%

of your **ELECTRICITY BILL**  
by reduction of energy consumption  
via our cutting edge **GREEN TECHNOLOGY**  
resulting in :

① Save Money ② Save Energy ③ Save The Planet

Solar Empire Wealth Sdn Bhd (966786-T)

**Solar  
Wealth**

**010 2266 786** or

Email us [solaremplewealth@gmail.com](mailto:solaremplewealth@gmail.com) for enquiries

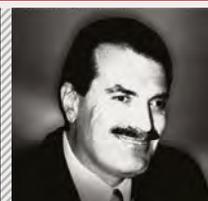
[www.solaremplewealth.com](http://www.solaremplewealth.com)

I have long believed that we are all only as big as the smallest thing that it takes to divert us from our goals and our destiny.

We live in a complex, high-tech world that requires many tools and accessories we use on a daily basis. Whether it's our computer, our sophisticated automobile, or our multi-functioning cellphone, 21st century humans become lost without these items that started out as luxuries but have rapidly become necessities. These items become obsolete at an alarming rate and need replacing or repairing at a moment's notice.

In the process of writing these weekly columns, I do quite a bit of research. Occasionally, I will run across some research and statistics that simply defy belief. Following are some current financial statistics that were gathered in the process of a survey done by the Harvard Business School. The results of this survey caused me to have to catch my breath, then double and even triple check before drafting this column.

- ◆ Over half of Americans cannot raise \$2,000 within 30 days from all sources, including savings, emergency funds, credit, or even family and friends.
- ◆ Twenty-five percent of households earning from \$100,000 to \$150,000 could not come up with the same \$2,000 within 30 days from all available sources, including their family and friends.
- ◆ Forty percent of Americans will never save the first dollar for their retirement.
- ◆ The average retirement fund in America has approximately



*Jim Stovall has been a national champion Olympic weightlifter, president of an Emmy Award-winning television network, and a highly sought after author and platform speaker. He was chosen as an International Humanitarian of the Year, joining Jimmy Carter, Nancy Reagan, and Mother Teresa as recipients of this honour.*

## DIVERSIONS AND DISASTERS

\$35,000 in it. This would only generate a little over \$100 a month throughout a long retirement before it was completely exhausted.

- ◆ Twenty percent of American households have no savings at all.
- ◆ Approximately half of all Americans die with no assets and leave liabilities behind.
- ◆ The average American household debt is currently \$118,000.

If you live in a home, drive a car, use a computer, or depend upon a cell phone, it's only a matter of time until you face a major repair or replacement bill. A visit to a doctor's office or a pharmacy for a relatively minor ailment or illness can cost hundreds or even thousands of dollars. These are not the tragedies or disasters that traditionally we buy insurance to protect us from. These are daily occurrences that are definitely headed in your direction.

I have the opportunity through my speaking engagements and special events to work with many billionaire and multimillionaire families. They live wonderful lifestyles and create great opportunities for their families, loved ones, and causes that matter to them. No matter how much wealth you may accumulate, however, the most satisfying and rewarding asset you will ever have is not a mansion, a sports car, or expensive jewelry. It is, instead, a fully-funded emergency fund. You can take the looming disasters that most Americans who comprise the statistics above are facing and turn those disasters into minor annoyances simply by having an emergency fund available to you at all times.

Most financial experts agree that an emergency fund should have three to six months of your regular income. While I agree that this would be an optimal amount for an emergency fund, most Americans would benefit greatly from having just one month's expenses in an emergency savings account. If you can only save eight percent of your

income each week, you will reach this initial goal of having one month's income in a savings fund within a year.

The average American household income is a little over \$40,000 annually. After taxes and regular withholdings, the take-home income for this average family is approximately \$2,800 per month. If this average family would save only \$50 per week, they would at least have a minimal emergency fund set aside within a year, and then every time the car makes a strange noise, the roof begins to drip, the computer screen goes blank, or worse, when a child begins to cough, their first thought would not involve an immediate financial panic.

To reach our goals in life, we've got to have daily focus and intensity. This is impossible to do if every minor bump in the road looks like a mountain range.

As you go through your day today, create a financial buffer between you and modern-day minor financial distractions by creating an emergency fund. **SME**

AD

Available on

# SCOOP



Subscribe now and save up to 20% off cover price.

Available on the **App Store** | **Google play**

[www.catchthescoop.com](http://www.catchthescoop.com)





**Roy Strauss**, president of The Strauss Consulting Group, LLC [www.scg4u.com](http://www.scg4u.com) has been helping companies increase their profitability and competitive edge by improving customer service while reducing costs since 1983. SCG has expertise in all aspects of supply chain including space/layout, software, automation, equipment, staffing as well as the complete design and implementation of distribution and manufacturing centers.

## BENCHMARKING WHEN BUYING A SUPPLY CHAIN DEPENDENT BUSINESS

If one is buying a manufacturing, wholesale, distribution, mail order, or on-line business it is important to benchmark key variables to determine the true value of the company. Key variables include the property (whether leased or purchased); equipment - storage, material handling, automation, and manufacturing as applicable; inventory - products for sale and/or raw materials and supplies as applicable; staff - payroll costs, employee contracts, employee proficiency; and technology (hardware, software, and accessories).

**PROPERTY** When considering a business for purchase, the value of the total property or of the lease is a prime factor. Considerations should include:

- ◆ The cost of the property compared to similar properties in the same locale or the cost and length of the lease vs. comparable properties in the same locale to determine the real property value for your situation.
- ◆ Cash flow – if the added cost to own the building will consume your available cash and/or the additional money to be borrowed and the cost of borrowing the money will leave you short of cash needed for marketing, inventory,



- ◆ equipment, or to add key staff, it may be a better idea to lease.
- ◆ Space is valued by the cost of the property or of the lease. Space also should be valued in the context of growth. One should determine for how many years the space can support future business based on the company's growth plan. If the business will outgrow the space soon after the purchase, one must add all associated costs of moving or adding space (if possible) to the cost of the deal.

**EQUIPMENT** The value of production, material handling, and storage equipment is typically calculated by its original cost less depreciation.

- ◆ Equipment originally purchased for \$30,000,000 many years ago may have a present value that is considerably less and that value must be determined based on local accounting rules.
- ◆ The operational value of the equipment (its ability to provide required productivity and/or storage levels to meet present and future customer service requirements) is far more important than the cost of the equipment. The equipment must support your business objectives for the foreseeable future and the equipment must provide your company with a competitive edge or you will be paying for upgrades to keep up.
- ◆ Obsolete equipment will be detrimental as it must be removed and replaced very often at a high cost.

### INVENTORY

- ◆ Most businesses determine the value of the inventory whether for products for sale or for raw materials by reviewing the invoices for their purchase and then taking a physical inventory to ensure the amount on hand for each item matches the quantity listed in the company's perpetual inventory.
- ◆ When analyzing inventory one must establish the relevance of the inventory as well as the dollar cost. Obsolete material, last year's model, and overstock (whether too much was purchased for a deal or if sales amounts dropped after purchase) will all reduce the value of the business as you do not want to pay for non-saleable materials and they will waste space in your building.
- ◆ If 25% of the inventory value is for items no longer saleable or for overstock that will take a very long time to sell, the value attributed to inventory as part of the purchase price of the business should be reduced by 25%. The real value of inventory is that of better selling items in proper quantities.

**STAFF** It is one thing to determine the cost of the staff by reviewing payroll records but the real value of the staff should be judged by its relative productivity and relevance to the business.

- ◆ Having lower cost workers is irrelevant if they under produce the competition and labor costs per unit are too high.
- ◆ One must benchmark the cost per unit produced vs. either industry standards or that of similar businesses in the same locale to judge the staff's value. Employee contracts must be examined to ensure that key employees will remain with the company after its purchase and to determine future obligations to them, and to be able to easily remove under performers. Capabilities of key employees must be ascertained. If they are not capable of producing desired results for the way you will be running the business, they may have to be replaced or additional staff may have to be added, both adding to

the cost of the business

- ◆ Union agreements (if applicable) must also be examined to determine future obligations both monetarily and otherwise

**TECHNOLOGY** Operations, financial, and communications software and hardware must be valued by how well they support both current and future business requirements to determine their real value and relevancy.

- ◆ A gap analysis must be performed to determine if and/or when current software should be modified or replaced. To do this, each key function that is required from the particular software is measured by how well and how complete the software supports all user requirements. A "gap" defines missing functionality and/or capability.
- ◆ Many companies make a mistake by performing the gap analysis for current business requirements only. Proper gap analysis should be performed to meet future business requirements and volumes so as the business grows it can be determined if the systems purchased with the business will provide proper support later on.
- ◆ The same holds true for IT hardware. Servers should be sized for future business models and volumes, bar code scanners might have to accept RFID in the future as well, and printer capabilities, specifications, and volumes may dictate higher level equipment.
- ◆ The cost for any additional IT equipment needed immediately or in the near future should be added to the purchase price of the business.

By benchmarking all key variables one can determine the proper price to pay for a business. **SME**



# Heartiest Congratulations!

To the winners of the Asia Pacific Entrepreneurship Awards 2017, we applaud your excellence in responsible entrepreneurship emulating strong commitment, advocacy, integrity and leadership in India. Not only have you come to rise through your sheer entrepreneurial qualities, but also help raise others around you with your strong leadership backbones throughout your journey. Congratulations on being part of an elite group in India to receive the Asia's Most Prestigious Awards for Entrepreneurs.

## RECIPIENTS OF THE ASIA PACIFIC ENTREPRENEURSHIP AWARDS 2017, INDIA

### ENTREPRENEUR OF THE YEAR

#### Tan Sri Dato' Sri Lai Teck Peng

Phytoscience Trendmakers Pvt. Ltd.  
Direct Selling Industry

#### Vaidyanathan Vembu

Capital First Ltd  
Financial Services Industry

### SPECIAL ACHIEVEMENT AWARD

#### Pankaj R. Patel

Zydus Cadila

### APEA WINNERS

#### Neha Kulwal

Admitad Media Private Limited  
(Admitad India)

#### Sunil Kumar V

Asset Homes Pvt Ltd

#### Kayum Dhanani

Barbeque Nation Hospitality Limited

#### Satish Raju

Guru Media & Entertainment

#### Parag Agarwal

Janajal - Supremus Group

#### Harishchandra M Bharuka

Kansai Nerolac Paints Ltd

#### B. Sathyamurthy

Kewaunee Scientific Corporation India  
Pvt Ltd

#### Sunita Sharma

LIC Housing Finance Ltd.

#### Dr. Trimbakrao Tulshiram Patil

Mahafeed Speciality Fertilizers (India)  
Pvt. Ltd

#### Ramesh G. Iyer

Mahindra & Mahindra Financial Services

#### Dr. Jaideep Devare

Mahindra Insurance Broker Ltd

#### Satya Vadlamani

Murli Krishna Pharma Pvt. Ltd.

#### Dr. Anoop Kumar Mittal

NBCC (India) Limited

#### Nitesh Shetty

Nitesh Estates Limited

#### S Paul

Paul Merchants Limited (PML)

#### Monoranjan Roy

Pincon Spirit Limited

#### CT Renganathan

RPG Life Sciences Ltd

#### Saurabh Sudhir Jain

Saga Global Consultant

#### Michael Menezes

Showtime Group

#### Veronique Sani

Societe Generale Global Solutions Centre  
Pvt Ltd

#### Shukanto Ghosh

Sparklet Engineers Pvt. Ltd.

#### Praveen P Kadle

Tata Capital Limited

#### C. Padmakumar

Terumo Penpol Pvt. Ltd.

#### Sudhir Gupta

TLC Relationship Management

#### Sanjay K. Jain

T T Limited

#### Rahul Rai

Unique Mercantile India Pvt Ltd

#### Rashy Todd

Zenica Group

BY  
HONOR  
WHITEMAN

# RED MEAT

## GOOD OR BAD FOR HEALTH?



ed meat contains numerous vitamins and minerals that are essential for a healthful,

balanced diet. In recent years, however, its reputation has been severely blemished, with studies suggesting that red meat intake can increase the risk of cancer and other diseases. But is it really that bad for us?

Red meat is defined as any meat that comes from mammalian muscle. This includes beef, lamb, pork, goat, veal, and mutton. For many households, red meat is considered a food staple, with some of us consuming beef, lamb, and pork in different variations daily. Last year, the average person in the United States is estimated to have consumed around 106.6 pounds of red meat. Although this might appear a high intake, it is a significant reduction from the average 145.8 pounds consumed per capita in 1970. Over the past 10 years alone, red meat consumption has fallen by around 10 pounds per person, with 2014 seeing the lowest intake of red meat since 1960, at just 101.7 pounds per person. But why are so many of us cutting down on red meat?

### A SHIFT TOWARD PLANT-BASED FOODS

According to a 2016 Harris Poll, approximately 8 million adults in the U.S. are vegetarian or vegan, with concerns about animal welfare being the driving factor. However, it seems that millions more of us are opting for plant-based foods over meat-based products because we believe that they are more healthful. The 2016 Harris Poll found that 37 percent of U.S. adults "always" or "sometimes" eat vegetarian meals when eating out, with 36 percent of these citing health reasons for their choice. Several studies have suggested that when it comes to health, a plant-based diet is the way to go. In December 2016, a position paper from the Academy of Nutrition and Dietetics claimed that a plant-based diet can lower



the risk of type 2 diabetes by 62 percent, as well as reduce the risk of heart attack and stroke. "If you could bottle up a plant-based prescription, it would become a blockbuster drug overnight," commented paper co-author Susan Levin, of the Physicians Committee for Responsible Medicine in Washington, D.C. It is not only the health benefits associated with plant-based diets that are steering us away from red meat, however, but the health risks that might arise from eating red meat.

### RISKS

#### CANCER

When it comes to red meat intake, cancer is perhaps the most well-established health implication. In October 2015, the World Health Organization (WHO) published a report concluding that red meat is "probably carcinogenic to humans," meaning that there is some evidence that it can increase the risk of cancer. Additionally, the WHO concluded that processed meats - defined as "meat that has been transformed through salting, curing, fermentation, smoking,

or other processes to enhance flavor or improve preservation" - is "carcinogenic to humans," meaning that there is sufficient evidence that processed meat intake increases cancer risk.

#### KIDNEY FAILURE

Kidney failure - whereby the kidneys are no longer able to filter waste products and water from the blood - is estimated to affect more than 661,000 people in the U.S. Diabetes and high blood pressure are among the most common causes of kidney failure, but in July 2016, one study suggested that red meat intake might be a risk factor.

#### HEART DISEASE

Heart disease remains the number one killer in the U.S., responsible for the deaths of around 610,000 people in the country every year. An unhealthy diet, high in saturated fat and cholesterol, is a well-known risk factor for heart disease. A few studies have suggested that red meat falls into that category, raising the risk of heart disease and other cardiovascular conditions. Some studies have associated red meat consumption with heart disease.

#### DIVERTICULITIS

Diverticulitis is a condition whereby inflammation occurs in one or more of the sacs that line the wall of the colon, which are called diverticula. This inflammation can lead to a number of severe complications, including abscesses, perforation of the colon, and peritonitis (infection and swelling in the lining of the abdomen).

#### HOW MUCH RED MEAT SHOULD WE EAT?

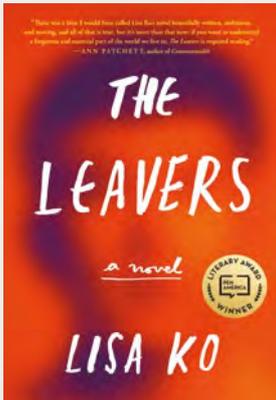
Despite overwhelming evidence of the potential health risks of red meat intake, it is important to note that red meat is full of nutrients. As an example, a 100-gram portion of raw ground beef contains around 25 percent of the recommended daily allowance of vitamin B-3, and 32 percent of the recommended daily allowance of zinc. Red meat is also high in hemeiron - which is absorbed better than plant-derived iron - vitamin B-6, selenium, and other vitamins and minerals. Still, based on the evidence to date, public health guidelines recommend limiting red meat consumption. **ESME**

# PICK OF THE MONTH

## BOOK

### LISA KO, THE LEAVERS

**K**o's first novel, awarded the 2016 Pen/Bellwether Award for Socially Engaged Fiction, follows Peilan, an adventurous teenager from the village of Minjiang in China to New York, via Bangkok, Amsterdam and Toronto. There, as Polly, she works 13-hour shifts in a garment factory and hopes to pay off \$47,000 to the loan shark in a matter of years. She understands the rules: "Pay now or disappear forever." But she's pregnant by a neighbour back home, and her new son complicates her life beyond repair. Polly disappears when her son Deming is 10 years old. He is adopted by a professorial couple upstate, but he can't forget his mother and yearns to know what happened. Ko traces the disruptions of immigration and the complexities of first-generation Americans with meticulous detail and sensitivity. Ko's stunning tale of love and loyalty to family and country is a fresh and moving look at the immigrant experience in America, as timely as ever.



### CÉSAR AIRA, THE LITTLE BUDDHIST MONK & THE PROOF

**T**he Little Buddhist Monk is a story of Asian invention gone wild, as a diminutive Korean Buddhist monk acts as a tour guide to an increasingly distraught French couple on a working vacation in the Far East. Proof brings us quickly back to the West, where two punks, plus a new recruit takes control of a local supermarket with dire consequences for the hostages. These two Aira works are as different as night and day. Nevertheless, sex, identity, and modern day economics figure deeply in both of these fast-paced, edgy fictions.



## MUSIC

### JOY OF LITTLE THINGS BY WHEN CHAI MET TOAST



**A** simple breakfast melody. When Chai Met Toast takes inspiration from the lighter side of life to create music that is heart-warming, happy and smile worthy. The newest band from the land of coconuts, gained fans quickly with a special acoustic setup and a unique brand of infectious happy music, which transcends age, genre and even language.

### "NEW YOUNG" BY JOSH ROUSE



**T**he American singer or songwriter Josh Rouse has lasted for a few years. Now he is up to date with a great album, The Embers of Time, which unfortunately does not want much attention, but some of them know how to appreciate his sparkling pop songs. "New Young" is from the last album, a nice-fine Rouse song, here with some country flavour.

## MOVIE

### BAAHUBALI 2: THE CONCLUSION

**B**aahubali 2: The Conclusion, the final instalment of a two-part fantasy adventure, has made more than 10 billion rupees (\$156 million) worldwide since hitting screens on April 28. "Baahubali", meaning "The One with Strong Arms", tells the story of two warring brothers battling for control of a fictional Indian kingdom. Amarendra Baahubali (Prabhas) and Bhalla Deva (Rana Daggubati) are cousins raised by the same mother, Sivagami (Ramya Krishnan) who is also the reigning Queen of Mahishmati. Amarendra is orphaned in his childhood and even though Bhalla is her own son, the Queen wants to crown Amarendra the King of Mahishmati because she feels that he has the true makings of a ruler and benefactor. Bhalla is peeved. His father and he conspire to overthrow Baahubali. And they use Kattappa (Sathyaraj) and the Sivagami as pawns in their game.



### GUARDIANS OF THE GALAXY VOL. 2

**S**et to the backdrop of Awesome Mixtape #2, Marvel's Guardians of the Galaxy Vol. 2 continues the team's adventures as they traverse the outer reaches of the cosmos. The Guardians must fight to keep their newfound family together as they unravel the mysteries of Peter Quill's true parentage. Old foes become new allies and fan-favourite characters from the classic comics will come to our heroes' aid as the Marvel cinematic universe continues to expand. **SMV**



## HR SUMMIT ASIA & EXPO ASIA 2017 / SME SUMMIT

**T**he 15th anniversary edition of the HR Summit & Expo Asia 2017 ended on a high note with a full house plenary by Thinkers50 Global Management Thought-Leader & Author Prof Gary Hamel. Over 4,000 participants walked away with new learnings during the 2-day event held at Suntec Singapore Convention & Exhibition Centre on 3 and 4 May.



## SHARED SERVICES AND OUTSOURCING MALAYSIA

**M**alaysia's shared services and outsourcing (SSO) industry has been consistently ranked as the third preferred location in the world for shared services operations since 2004 by global consulting firm AT Kearney. From developing effective talent development programmes to leveraging data analytics and RPA technologies, the 5th Annual Shared Services & Outsourcing Malaysia successfully featured case studies showcasing how you can take your shared services centres to greater heights in 2017!



## COMMUNICASIA / ENTERPRISEIT2017

**A** three-day exhibition and conference addressing technologies and strategies for smart cities and digital ecosystems driving the digital strategies and transformation roadmaps of governments and enterprises in Asia. The event drew over 40,000 trade attendees with 45 per cent hailing from overseas, and more than 1,800 exhibitors showcased their innovations. **SME**



# SUBSCRIBE NOW

GET SME  
MAGAZINE  
AT YOUR  
DOORSTEP  
EVERY  
MONTH!



## PERSONAL PARTICULARS

Name

Job Title

Company

Address (Home/Office)

City

Postal Code

Country

Daytime Contact Number

Mobile Number

Email

## MODE OF PAYMENT

- Bank Draft** (make payable to Business Media International Sdn Bhd)
- Cheque** (make payable to Business Media International Sdn Bhd)
- VISA**    **Mastercard**

Card number

CW/Security Code

Expiry Date

Cardholder's Name

Issuer Bank

Signature

## SUBSCRIPTION AND PAYMENT

**12 issues (1 year)**

**Malaysia RM 76.32** (including 6% GST & delivery) (was RM101.76)

**Singapore S\$ 64.20** (including 7% GST & delivery) (was S\$96)

**24 issues (2 years)**

**Malaysia RM 152.64** (including 6% GST & delivery) (was RM203.52)

**Singapore S\$ 128.40** (including 7% GST & delivery) (was S\$192)

## TERMS AND CONDITIONS

‡ This subscription form constitutes a legal offer and once accepted by the Publisher forms a legal agreement and is subject to the Terms and Conditions of the Publisher  
 ‡ Subscriptions are non-refundable and irrevocable ‡ Personal cheques are acceptable ‡ Kindly allow 3 weeks for delivery of first subscription issue. For subscription enquiry call +603-7880 3511 or email [circulation@smemagazine.asia](mailto:circulation@smemagazine.asia) ‡ Completed subscription form with payment and / or credit card details should be sent to:

BMI Business Intelligence Pte Ltd  
 1 Raffles Place, Tower One, #44-02, Singapore 048616  
 [t] +65 3158 9809

A PUBLICATION OF:  
**Business  
 Media  
 International**

Unit 709A, 6th Floor, Kelana Parkview Tower, Jalan SS6/2,  
 Kelana Jaya, 47301, Petaling Jaya Selangor, Malaysia  
 [t] +603 7880 3511 / 8692 [f] +603 7880 3515



# THE COST OF DOING BUSINESS



Many of us are aware of the costs of doing our businesses. For most products-based businesses, that would likely be the costs of your products and

distribution, while for most businesses in services, the largest cost component would likely be your payroll.

If you are an accountant or have a good one working for you, you will know to factor in such costs as depreciation, financing costs and finance charges, among others. These are some of the 'hidden costs' of doing business. Others include audit fees, secretarial fees, credit card charges, shrinkage and theft, insurance and permits and licenses. As an entrepreneur, you don't just need to be aware of your direct costs, but also these hidden costs, so you are not blindsided.

We have all seen entrepreneurs who made the mistakes of taking their profits too early, without taking hidden costs into consideration. At best, this leads to a lot of regrets, and at worst, they take their businesses down with them. That's the danger of being blindsided by hidden costs.

So watch those costs.

## THE NEW COSTS OF DOING BUSINESS

The world, however, has evolved. The internet has changed not only the way business is done, but also the costs of doing business. One of those disrupted is that of compliance.

Increasingly, compliance processes: licensing, tax submission and annual returns are being done online. This allows for greater transparency and efficiency. However, it also makes it easier to make mistakes, and for mistakes to be discovered.

Consider the recent spate of actions against tax defaulters, for example. Even public listed companies with hundreds of accountants and a legion of tax advisors, are found liable by the taxman for additional taxes. And fines on top of that. Needless to say, their share price, and their reputation, took a tumble.

Many SMEs have also lamented how they have run afoul of the taxman. A combination of apathy (on the part of most businesses), increased transparency and use of technology have made tax investigations a breeze these days, despite the increasing complexity of businesses and tax treatments. Often, an SME simply couldn't keep up with all the changes in regulations, let alone having the sophistication to file their taxes correctly - which in turn opens up new risks and amplified existing ones.

There is also that controversial case of the master developer of a major infrastructure project having their deal pulled from under them; for what the government says is non-payment. The costs of compliance in this case is certainly high: as the developer concerned was in the process of getting listed, was rolling high, and thought nothing could have sunk the ship. The new costs of doing

business aren't just very high; what's at stakes is even higher.

But that's not all.

Despite Donald Trump pulling out from the Paris Accord to try and save the country's energy sector (or for vanity, some says); the global expectation is that businesses should be working towards being carbon neutral and to meet increasingly stringent environmental and social standards.

Manufacturers selling to the EU are already aware of the strings of new requirements coming out from the bloc. And these requirements are set to increase over time, making the costs of compliance even higher. Even Apple, the global giant, has faced backlash for using vendors in China with labour standards that differ from those of developed countries; never mind the fact that most of the workers at those vendors find that the working conditions are already much better than the rest of the country. The new costs of doing business include meeting global consumer expectations. These are increasingly driven by unrealistic opinions of armchair critics: most of whom are not even affected by non-compliance, nor are users of the products they want to ban.

As SMEs and entrepreneurs, compliance is today an equally important business function; equating if not more important than finance, staffing, innovation and marketing. If you haven't considered this critical cost of doing business; it could be the most expensive cost to your business. **SME**

Whatever  
your  
destination –  
you'll find  
us waiting  
for you.

Global success and local expertise go hand in hand. With a presence in more than 175 countries, Messe Frankfurt is ready to go global with you. Let's get started!

Messe Frankfurt (HK) Ltd  
Tel: +852 2802 7728  
Fax: +852 2598 8771  
[info@hongkong.messefrankfurt.com](mailto:info@hongkong.messefrankfurt.com)  
[www.messefrankfurt.com.hk](http://www.messefrankfurt.com.hk)





## BUKIT BINTANG CITY CENTRE

Where life is spectacular



# Cradle of a lifestyle revolution

Destined to be the new heartbeat of Kuala Lumpur, Bukit Bintang City Centre (BBCC) is set to complement the cosmopolitan grandeur of future living. Strategically situated on a 19.4-acre prime address within the Golden Triangle, it is truly a visionary, state-of-the-art integrated development and a masterpiece in the making.



## THE STRIDE STRATA OFFICE

A business address at The Stride is your entrée to a new world of corporate excellence that includes an array of professionally managed business conveniences comprising reception services, a business lounge, conference room, meeting rooms and video conferencing facilities.



## LUCENTIA RESIDENCES

Discover your urban sanctuary in Lucentia, with a range of serviced suites designed to surround you with the ultimate luxuries. Four levels of thoughtfully curated facilities provide endless delight whatever your mood. Live the high life against a backdrop of panoramic views of the city and beyond.

Development Manager:

**ECOWORLD**  
CREATING TOMORROW & BEYOND  
Eco World Development Management (BBCC) Sdn Bhd, (10001818)  
Private & Confidential to BBCC Development Management Sdn Bhd

Visit Our Sales Gallery Today!

No. 2, Jalan Hang Tuah, 55100 Kuala Lumpur  
F: +603 2143 0086 E: info@bbckl.com  
GPS : 3.141656, 101.707755  
Monday to Friday 9am - 6pm  
Weekends and Public Holidays 10am - 6pm

+603 2145 2255  
www.bbckl.com

BBCC Development Sdn Bhd 1129028-T  
A Joint Development By:



**ECOWORLD**  
CREATING TOMORROW & BEYOND



Lucentia Residences • Building Plan Approving Authority : Dewan Bandaraya Kuala Lumpur • Approved Plan No : BP T4 OSC 20161384 • Expected Date of Completion : 7 March 2021 (54 month) • Land Tenure: Leasehold (99 years) expired by 5 December 2110  
• Restriction of Interest: The Land Cannot be Transferred, Leased and Changed with consent from Dewan Bandaraya Kuala Lumpur • Land Encumbrance : Nil • Developer License : 14510-1/09-2018/0745(L) • Validity : 29/09/2016 - 28/09/2018 • Advertising Permit : 14510-1/09-2018/0745(P)  
• Validity: 29/09/2016 - 28/09/2018 • Parcel 3 Serviced Apartment Block 1 (47 Storey) & 2 (35 Storey) (LUCENTIA) • Total Unit : 666 (Block 1: 393, Block 2: 273) • Selling Price : Block 1 (Min) RM782,000 - (Max) RM2,056,250 • Block 2 (Min) RM1,096,920 - (Max) RM2,178,000

All art renderings and photographs contained in this circular are artist's impression only. The Developer reserves the right to modify any part or parts of the building prior to completion as directed or approved by the architects and/or the relevant authorities. All plans, layout, information and specifications are subject to change and cannot form part of an offer or contract presentation.