

LBD FORUM

LOCAL BUSINESS DEVELOPMENT

“Improving Customer Engagement – A Business Growth Strategy”

Thursday, 3rd November 2011 at The Radisson Hotel Brunei Darussalam

Keynote Address by Dato Paduka Awang Haji Ali bin Haji Apong, Deputy Minister, Prime Minister’s Office



- In the world of today’s dynamic environments, businesses remain wary of the challenges and what they perceive as potential threats to their way of doing business. To a large extent, factors such as inefficient business processes, poor governance and leadership, weak marketing strategy, lack of market awareness, lack of competitiveness, financial constraints, inadequate resources as well as poor customer base are often found to be the major contributors to business instability and failure.
- In a small economy where domestic market is very limited, prioritizing local production and distribution can be very challenging. It is therefore very important that the scope of growth of our businesses should not be limited to the local environment but more importantly, they must be brave enough to take a bold step forward towards venturing and bringing their products and services into overseas market and achieve significant success to be on par with regional or international players within their respective industries.
- Our businesses have to be internationally competent and they must not be complacent with what they have already achieved. Being innovative can be the key to their success but it eventually comes down to the bottom line and that is the true ability to progress and grow towards a sustainable path.

- In today's era of globalization, the dynamic environment it presents brings a wide array of new challenges as well as opportunities. As level of innovation, competition and production processes is fast increasing and changing, research and development has increasingly become more pivotal than ever.
- In order to be able to keep pace with the changing market trends, businesses should take necessary measures to increase their research and development activities to allow them to be more competitive in the marketplace. Furthermore, businesses should be able to position themselves strategically within their respective industries by encouraging innovations in their business models while putting in place a distinctive value proposition with which they can create a strong differential from their rivals.
- We have seen support schemes being put in place by key agencies such as the BEDB, AITI, DST Group as well as the Ministry of Industry & Primary Resources (MIPR), and businesses should take this opportunity to leverage on these support schemes to enhance their competency, capacity and capability.
- For instance, regionalization and internationalization program such as Promising Local Enterprise Development Scheme (PLEDS) under the BEDB initiative, will allow our promising businesses to venture into foreign markets through which we provide not only financial support, mentorship services and connectivity to credible foreign partners, but also the opportunity to engage professional consultants to help enhance their competency to an international level.
- The establishment of iCentre is also envisaged to nurture and encourage innovation among our ICT entrepreneurs. Through effective incubation programs, we hope to see a growing pool of innovative talents capable of bringing our own locally developed technologies to the global market.
- Funding schemes such as The Future Fund, which was recently launched by the BEDB, AITI and DST Group, as well as Accel-X Venture Capital Fund are hoped to benefit our ICT firms to test their business ideas in the market and expand their business growth beyond the shores of Brunei.
- Meanwhile, in supporting the development of our SMEs and micro businesses, various programs have been launched such as the Local Enterprise Applications & Products (LEAP) through which we encourage local innovation and creativity to develop new products and applications across a broad range of industries. The Youth Skills Development Program (YSDP) has also been designed to increase the pool of young entrepreneurs through which we provide micro grants as well as mentoring and motivational programs to instill positive values and build self-esteem among the program participants.
- Moreover, schemes such as Enterprise Facilitation, Micro-Credit Financing and Export Refinancing provided by the Entrepreneurial Development Centre of MIPR as well as the grant schemes provided by the Authority for Info-Communications Technology Industry (AITI) have also set an example in the country's commitment towards providing necessary support for the development of our local businesses.

- The implementation of all these initiatives is indeed in line with the objective of Wawasan Brunei 2035 which seeks to increase opportunities for our local businesses and enable them to achieve leadership and become more competitive in business. Furthermore, such initiatives are hoped to set new ways of encouraging greater knowledge and innovation while increasing productivity in order to accelerate our economic growth.
- The establishment of effective legal mechanisms is pivotal in creating an ecosystem to support and increase the level of innovation and commercialization efforts of our businesses. One such mechanism is the establishment of an intellectual property framework to protect our local ideas and inventions. Currently, the BEDB, in close collaboration with Attorney General Chambers, is working towards the establishment of a Patent Registry Office in order to protect our local businesses while encouraging innovation as well as research and development.
- In creating a conducive environment for our businesses to flourish, the Government of His Majesty, led by the Minister in the Ministry of Industry & Primary Resources, has taken steps to improve the various processes relating to the setting up of a business. The introduction of the online Business Licensing System is hoped to not only increase our overall ranking in the World Bank's Ease of Doing Business but also pave the way for many more new business establishments venturing into a diverse range of viable industries.
- As we prepare to transform Brunei into a diversified and industrialized economy and a global player in innovation and technology, I hope to see a growing number of locally developed and innovative products and services coming our way with higher commercial value and greater export potential for penetration into the international markets. I would also like to encourage our businesses to model their growth based on the success stories of regional and international players and learn not to be too dependent on the domestic market in seeking future growth.

“Smarter Branding Without Breaking the Bank: How to Leverage Assets You Already Have to Build Your Brand at Low Cost - or No Cost At All”



A presentation by **Brenda Bence** followed by a conversation on how best to implement Smarter Marketing on a limited budget

Moderated by **Andrew Dy**, General Manager, Asia Inc Forum

- Marketing is the most important function in any company. Without customers, there are no revenues. Without revenues, there is no business. Marketing efforts are all about identifying the needs of customers and filling those needs.
- Everyone in your organisation is responsible for marketing your brand, even if your company is small or you are a one man show.
- Marketing does not have to cost money. There are many low-cost or no-cost marketing resources right at your fingertips. In fact, there are five major assets that already exist in every company that can be leveraged immediately to build a brand and grow the business.
- The most important, low cost asset you already have in your brand building arsenal is brand positioning. Positioning is the GPS for your brand. Without it, your brand is like a boat adrift in the water with no place to go.
- Brand positioning is the way you want your customers to perceive, think and feel about your brand versus competition.
- Perception is reality of marketing- it means how your brand is viewed in the marketplace is what your brand stands for, whether you like it or not.

If you don't like the way your brand is perceived, it's up to you to take charge and change it.

- We make brand choices based on how we think and feel about them. The most successful brand builders have a very clear understanding of the way they want customers to think and feel about their brands.
- If you don't take time to create your positioning consciously, your customers might be perceiving, thinking and feeling about your brand in ways you don't want. That will put you on a straight and narrow path to failure.
- Smaller companies need positioning more than big companies. A big conglomerate can afford to get it wrong over and over again as they have the funds to begin again if something doesn't work. Small businesses usually have fewer resources- fewer people, less money and less time.
- About 80% of SMEs have not taken charge of their brand positioning. They leave it to chance, which means their customers end up with wrong or negative perceptions of their brands.
- The best way to create a powerful positioning is to adopt a framework of a "Brand Positioning Statement" that articulates exactly what you want your brand to stand for. This statement serves as an all important GPS so that you'll always know where you need to go with your brand.
- There are six elements of brand positioning statement. The success of every brand depends a great deal on how well the marketers managing those six elements are clear on what they stand for and how to use them. How well these six elements are managed makes the difference between a mediocre brand, a good brand and a brand that becomes a thriving revenue-producing household name.
 - Target Group. Who is going to buy your brand? What are the dreams and fears of these people? What attitudes do they have toward the type of product or service you sell?
 - Needs. What does your target group need? When a company creates a brand, it tries to respond to a need in the marketplace that is new or hasn't been filled as well as it could.
 - Competitive framework. What similar brands in the marketplace might your customer choose over your brand? These brands make up your competitive framework.
 - Benefits. What does your brand offer its customers? Your toothpaste brand, for example, may prevent your children from getting cavities and make you feel like a great parent.
 - Reasons Why. Why should your target group believe that your brand can deliver the benefits you say it can? A particular ingredient, for example may prove that your toothpaste can fight cavities.

- Brand Character. This is the personality of your brand- its demeanor disposition and overriding attitude. What words would you use to describe your brand if that brand were a person? Mercedes Benz and Ferrari are both luxury car brands but the brand characters of the two are quite different.

Conversation with Brenda

Q: A lot of SMEs in Brunei have hopped onto the social media bandwagon. This is a relatively new medium in terms of branding. Where in the order of the branding scheme will this fit in?

Brenda: Rupert Murdoch believes that social media is the next biggest invention since the invention of the printing press 500 years ago. What's happening is that instead of a one way communication it has become a 2 way stream. It is changing the way in which we communicate with our customers. However, you should only go where your customers are going, if they're not on the social media network then do not go there. You have to think clearly about your strategy, what you stand for, and whether you are making these clear on the social media outlets, if it is important to you customers.

Q: Would you advice me to price my products differently in an emerging economy, as opposed to a more affluent economy.

Brenda: You have to be a good detective and you have to understand what is going on with these particular products in these particular countries. If you have a good brand, you can price a little higher but you have to understand the market and the competitors and their offers in order to position yourself effectively. One of the things I see SMEs saying a lot is "There's no one else in the market like my company, so there isn't really any competition." which is a very dangerous mindset. I couldn't disagree more, because it's not about you but about the customer. The truth is, you have competition, and that competition might simply be, no purchase. So you have to understand that mindset too: a customer not buying anything is also a competition and is a different mindset that needs to be understood.

Q: I would like your take on how you feel about companies of bigger brands giving discounts at certain times of the year. Does it damage the brand in any way?

Brenda: One of my favorite brands in the world is Tiffany & co. The reason I love Tiffany is because, since they started in the 1800s they have never ever had a sale, but people still fling, cry and run to Tiffany to buy. I think pricing games are very dangerous to a brand. I would rather add something more on top of what I have than drop a price; an extra service that makes them feel that the value of the brand is higher. I would do this until of course, I can raise my brand up to the level where their perceived value is already high. The consumers get confused, one day it's worth something and the next day it's worth something else. With regards to end of year sales, it is only training your customers to shop at the end of the year, well, what about the rest of the year? This does change the consumers' perception of the brand.

Q: In the context of brand reputation, for example: Taking LV and Prada as examples, how would a brand sustain the name of its products when there may be imitations of sorts in the market?

Brenda: The people who are truly a target for those brands would never buy an imitation as it is an emotional need; the pride of ownership. So, the companies would not be particularly worried about that. Yes, it isn't good to have imitations in the market but they aren't preventing sales.

Q: I run a small family run bakeshop and have found that by leaving the pricing as it is, and not bringing it down just to improve sales for the short-term, we are starting to see the great results in our third year of business. However, I have had heavy discussions with my family members about the reduction of prices. What is your take on this?

Brenda: No. 1, do you have superiority in your products? Have you laid your products side by side with your competitors and managed to say that your products are better? If you can do that, never drop your price. You would then have to let your customers in on that and give them your products for free if you have to because once they realize that your products are superior products, they will come back again and again and again. Let's be clear though, we do not always have superiority in our products. Especially with a product that can be altered quite easily, i.e. cakes, bread etc., you should create a point of difference; find a way to differentiate your products. For example: your store could specialize in the most outrageous holiday cakes in the whole country. Whatever it is, you have to try finding some point of differentiation of your products from the others in the market.

Q: I run a one-stop shop for fashion clothing and home décor. Especially in a country like Brunei, I find it quite challenging to market my products as there are plenty of limitations asserted by the government especially involving fashion shows and fashion line-ups. How should I market my products alongside these limitations?

Brenda: Don't think about what you can't do and what you don't have. Change that mindset and start thinking about what you do have, what you can do and what appeals most to your customers. Get creative; maybe you have great photos or life-sized models in your store, all showcasing your products.

Future Flash



Pierre Imhof, CEO, Baiduri Bank

- In Brunei context, SMES are Bumiputra owned, Bruneian owned and other local companies with fixed assets of BND 5 Million (book value) or less and /or companies with 100 employees or less.
- SMES make up over 90% of total business in Brunei and employ 60% of the workforce.
- In line with BEDB and MIPR's recommendation, Brunei has identified prioritised industry sectors for business and investment opportunities including Oil and Gas, Logistics, ICT & Infrastructure, halal, green business, aviation and agriculture.
- Joint Ventures between local and foreign companies will be inevitable as they will allow for better positioning in the market.
- Public-private sector partnership cooperation remains an important factor in developing successful and effective policies and tools to assist SME development and financing.
- Most of the Entrepreneurs are young, highly educated and well versed with up-to-date technologies and hence been able to take the advantage in strengthening their competitiveness. Many of them are in professional service industries, I.T, e-Business, hospitality, technical consultancy, but we also observe very successful and innovative SMEs in the oil & gas and manufacturing sectors.
- The future of the SMEs is very promising in Brunei. It is encouraging to see a new breed of highly motivated and innovative entrepreneurs.

- Some challenges faced:
 - Business viability – sustainability as this tie up with repayment capability
 - Lack of medium/long-term commitment
 - Lack of Technical Knowledge
 - Lack of market knowledge
 - Lack of financial means to conduct research and innovation
 - Lack of transparency and communication/Lack of governance
 - Promotions/Advertising/Marketing
 - Lack of Human Resources
 - How to fund their growth
 - And to address some of these weaknesses, they have difficulties to find advices of a mentor

- The banking sector is by far the most developed and would likely remain the main source of external financing for SME in the near future.

- All other factors aside, banks must examine their internal structures and processes to treat SME as distinct business entities if they are to benefit from the sector's potential.

- In collaboration with the Ministry of Industry & Primary Resources, the Bank offers the following schemes to assist and expedite the development of SMEs in Brunei:
 - **Enterprise Facilitation Scheme:** suitable for both start ups and ongoing business, with financing up to BND5.0M and repayment period of up to 120 months
 - **Industries eligible:** agriculture, fisheries, hospitality, manufacturing, construction, ICT
 - **Micro-credit Scheme:** open to any type of businesses acceptable by both MIPR and the Bank designed specifically for both established businesses and start-ups with financing up to BND 50,000 and repayment period of up to 60 months.

- Local SMEs in Brunei are operating in a rather protected market where they have access to opportunities, are groomed, and given the potential to grow. Local SMEs may be more adaptable than big organisation; more proactive, more innovative and therefore, quicker to seize opportunities abroad

Future Flash



Ken Marnoch, Managing Director, Brunei Shell Petroleum Co

- The world's energy demand is growing and so is the challenge to ensure a sustainable energy future. There are inevitable implications and opportunities to the global oil and gas demand and supply as this trend continues. Brunei's energy industry has a strong future.
 - Brunei's Energy White Paper has outlined its three strategic goals which are to strengthen and grow upstream and downstream activities; ensure secure, reliable and efficient supply and usage of energy in Brunei and to maximise the economic spin-off from the energy sector activities for local business and job opportunities.
 - To get there, we need to prepare now and build up the development blocks in terms of human capital, infrastructure, policies and be more innovative in the way we work and think.
 - Aligning to this, Brunei Shell Petroleum has been working on its future roadmap and strategy. There will be increasing activities to support the oil and gas industry which would definitely require the support from local business or local supply chain.
- Local business has been identified as the pillar to create a sustainable economy for Brunei Darussalam as the country is stepping up its economic diversification efforts and in realising its vision of Wawasan Brunei 2035. This requires a strong set of foundation and paradigm shift and Brunei Shell Petroleum will continue to fuel Brunei's future.
 - Through our LiveWIRE Brunei programme, now in its tenth year, has continuously provided business trainings to develop basic business skills. Since its inception, LiveWIRE Brunei has built partnerships with

the business community in Brunei Darussalam which has helped to inspire more SMEs to remain active in their business.

- The LiveWIRE programme, has sparked our second LBD initiative, called the Brunei Entrepreneurship Education Scheme or BEES. BEES will be embedded into the new subject of 'Business, Art and Technology' (BAT) in secondary schools and Enterprise Skills unit in Vocational and Technical Education (VTET) programme by 2012. Here, we partner with the Ministry of Education, University Brunei Darussalam and Livewire Brunei.
- The third local business development programme that we have implemented is the ring-fenced business opportunities exclusively for local business in our contracting and procurement. This is to enable our local vendors to gain experience and enhance their capabilities, competencies and competitiveness.
- The vision for the future of Brunei's energy industry is one of more job and business opportunities. Brunei Shell Petroleum is taking action to continue to be at the forefront of local development and to fuel Brunei's future.
 - Today the Brunei Shell Joint Venture companies along with our business partners contribute to the about 90% of Brunei's oil and gas revenues, which in turn accounts for over half of the country's GDP and 90% of total export earnings.
 - In 2010, the total spend with Bruneian companies was B\$2.8 billion. The breakdown showed that forty percent (40%) was spent with Bruneian companies and twenty-six percent (26%) was spent with Bruneian joint ventures.
 - In terms of local employment, 20,000 people are employed directly by companies associated with the BSJV operations and 10,000 are Bruneians.

“Customer Service: Delivering that Unforgettable Experience”



A dialogue on the application of International Best Practice to the Bruneian consumer with

Mark Grieves, Principal, Bersama Jaya Education & Management
Shaun Hoon, Growth Engineer, Catalyst

Moderated by **Stuart Kemp**, Executive Director, Asia Inc Forum

Mark Grieves

The reason why Shaun and I are sitting here is because we are one of you, not apart from you. We are running small enterprises in Brunei and are also facing the challenges that you are facing. The difference is that our business is the business of business.

Recently, the Minister of Industry and Primary Resources said that Brunei businesses have got to step up and be able to promote and compete in their own two feet rather than relying on BSP or the government as their main customers or to promote their brand abroad. That is fine, as that's what happens everywhere else. However, with a market as small as Brunei, other than selling to each other many times over, we have no choice. Whilst maybe as an SME, competing in China is probably geographically a stretch too far, we're all connected to our neighbors, Sabah, Sarawak, Malaysia and Indonesia, and that is where we need to go. Here's the deal, when I was Singapore, PM Lee made his big announcement about Singapore becoming the Switzerland of South Asia. Why was this? Because in 2002, Seagate employed 25,000 people in Singapore, now they employ 5,000. The other 20,000 are now elsewhere; Chengdu, Guang Zhou. So, Singapore had to reposition itself in its service industry. I learnt that while Singapore may be the leader, they're not alone. All of our ASEAN neighbors are investing massively in improving their service element of their

industries. Either growing new service industries, e.g call centers in the Philippines, or upping the level of service that individual business deliver.

Countries like Vietnam, Cambodia and Laos, economies smaller than Brunei, are taking action and growing their service industries, so for Brunei, we have no choice but to invest in improving the overall service content of what we deliver if we want to compete, not just within the region but also within the BIMP East Asia Growth Area. Our competitors already are, and some of the examples of businesses are actually local companies who have realized that quality and service are the key elements for their business, which have resulted in them being the major players.

There are only 3 levers you can pull, you can pull the emotional lever, political lever or the rational lever [the numbers].

The numbers:

150%- Percentage of how much more profitable a loyal customer is to your business than your average customer.

15%- Percentage of the price premium a provider can charge to customers who are experiencing the service they want.

50%- Percentage of improvement possible by a company, when the staff are encouraged to listen to the customers and seek to meet the customer's needs.

70%- Percentage of your current customer base that is susceptible to switching, if you do not give them the service experience that they are looking for.

Q&A Session

Audience: How do we actually invest into the service industry? The money is there but what exactly can you do.

Mark: You have no choice but to start by engaging with your customers, talking and listening to them. It doesn't actually have to cost a fortune. There is a lot of free stuff around to help you with this, E.g "Are you being served" (newspaper). It is also about your attitude towards the business. To me, customer service is about Love. Running your business through transactions is just like the dating phase of your relationship. Basing your business on customer service is just like having a steady relationship or being engaged; you are devoted to that person and having a great life together until one or the other party upsets the other, or a more beautiful suitor comes along. Now, basing your business on the next level, on customer experience is like being married; you build a future together and when problems come along, you solve them together.

In terms of actual measures, it starts by thinking about what your customers need and going further into thinking about what your customers actually really value. Where the emotional engagement comes in, is when you go beyond just fixing the needs of customers. It starts by taking the leadership and saying that we are going to focus our business on being service oriented as opposed to pushing products. It's more about doing what you're doing but in a different way.

Dato Timothy Ong: My definition of great customer service as opposed to good customer service is what happens when you have a problem. The test for me is what happens when the service is not up to expectation, what happens when the product is not up to expectation and what happens when bad news has to be conveyed. I find that many of us are much better with the good stuff and not so good with dealing with bad feedback. So, to anyone who is aspiring to great customer service must think of this: what happens when the customer has a problem.

Shaun: Why does customer service suck in most companies in Brunei?

Audience: Lack of basic training. I think for the service industry in Brunei, it has a long way to go. As well as basic training, it is vital that there are managers in place to oversee the works.

Shaun: When customer service is at fault, who do we blame? The management. It is usually quite convenient to blame the people who carry out the service, but as you study further, there is a deeper explanation. It's the management. There might be no training scheme in place, they might not be hiring the right people or perhaps, there isn't a reward system in place.

Mark: This whole culture of dealing with people is a sensitive thing. Most organizations have their own bio rhythm. You have to work with what you have, and therefore, you need to understand that there are steps you need to go through to move your people to where you want them to be. It will not happen overnight but it can happen very, very quickly.

Discipline -Supervision- Recognition. Once you've got a reward system in place and you catch people winning, then that discipline becomes self-sustaining and it becomes a habit. Once that habit grows and more and more people take ownership of it, it becomes the culture of the system. The organizations that deliver great service, and the flip side of customers trusting you is that the people within the organization are proud to be there. There is a balance: if you want to deliver a great and respectful service to your customers, you have to deliver a comparable approach to your employees.

*To read the rest of Shaun's thoughts on customer service visit:
<http://engineeringgrowth.com/2011/11/03/suck/>

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