A business grows like a family

Eibhlin Lim San Ying

On Aug 7, the Malaysia SME™ Biz Networking and Seminars (BNS) held a session titled “It’s All About Entrepreneurship” at the Berjaya Penang Hotel.

The highly successful event, part of a series of seminars held every week around Malaysia, attracted more than 160 SME owners.

The seminar boasted an ionospheric line-up of speakers from Universiti Tun Abdul Razak, Packet One Networks Malaysia (PI Wimax), Ricoh Malaysia and VA Partners.

The seminar was initiated with the defining of the term “entrepreneurship” and introduction to the purpose of the event by emcee Je Mein, followed a speech titled ‘Laying the Bricks to Trans-generational Entrepreneurship’ by Leilanie Mohd Nor from the Bank Rakyat School of Business and Entrepreneurship, Centre For Executive Education, Universiti Tun Abdul Razak.

The main idea of her speech was based on family entrepreneurship. She described family business as “small and medium sized components to large conglomerates that operate in multiple industries and countries” and mentioned that “this business form is the oldest and most dominant form of business organisations”.

She believed that a family business refers to “a company where the voting majority is in the hands of the controlling family; including the founders who intends to pass the business on to their descendants.”

She stressed that one can easily distinguish a family business by its main feature: the intention of the founder or current owner to pass down the business to the next generation.

“If the kids are not interested in taking over the business in the future, then it is not a family business.”

She explained that among the strengths of a family business are the “high commitment from the business owners, the willingness of the owners to pass on the knowledge and experience, and the association of the family pride”. These strengths are beneficial because “family businesses generally outperforms other non-family owned companies in sales and profit as well as other growth measures.”

On the other hand, the weaknesses of a family business are “poor management, the lack of discipline, the lack of articulated procedures and the non-alignment of motives” which leads to “the collapse or sale of 2/3 or ¾ of family businesses and a short business life with around 95% of family businesses that do not survive into the 3rd generation.”

She proceeded to show a slide with examples of famous family businesses in the world such as Ikea, Mitsubishi and others.

After that she asked the audience a tangible question, “What keeps you up at night?”

For family business owners it is “the decision to make appropriate distribution of family assets and to choose the right successors to manage the company as well as the question on how the business is affecting the family relationship.”

She further illustrated her points by sharing examples of companies that her faculty has worked with and the interviews they have conducted with different family members of certain family businesses in Malaysia.

She also showed a Venn diagram on the differences between a family business and a non-family business as well as shared quotes by family start-ups before ending her session with a questionnaire.

Next, Packet One Networks Malaysia (P1 Wimax) CEO Michael Lai, delivered an inspiring speech titled “Building a 21st Century Business” that detailed his journey with P1 from “literally zero, four years ago” to what they are today.

His speech was speech was peppered with witty and illustrative slides that had the crowd laughing for example, he likened the start-up period of his company to a toddler who was competition with a full grown sumo-wrestler in a picture.

“When we first started our business, there were big competitors in the telecommunications industry who are well
established."

He said that in order to grow from an SME underdog one should learn from other businesses, as it is a shortcut in the journey of building a company as well as strategize.

"As a small start-up we faced a big challenge on finding financial resources because we wanted to build our revenue fast. We needed to raise funds for the company and take the organisation to the next level. We came up with a few strategies that we implemented. Firstly, we created a category for ourselves."

To him, a category is "what (kind of niche) you want to occupy and who are you?"

For PI, they were the first 4G providers in Malaysia. "Once we have picked our battleground, we wanted to dominate it so we strengthened our standing by going deep. We were proactive and we provided door-to-door services like a pizza delivery!" he shared.

His philosophy is "big where it matters and dominate where it is weak; grow from strength." He decided for leverage, he would synergize collaboratively with other telecommunication partners form all over the world. He disagrees with the fact that one cannot work together with the person they are competing against.

Another method of leverage for a SME is the social media. He explains that giants such as Coca-Cola and Body Shop leverage on technology, a free service.

An example of his three believes are "90% people are responsible but somehow they always tend to make a fool out of themselves on the social media."

Secondly, the social media amplifies the good and the bad. "I like to say instead of word of mouth to world of mouth because the social media is brutally honest. That's my third believe."

To prove his point he showed a picture of a monkey and Angelina Jolie wearing the exact same lipstick and said, "You can't put lipstick on a monkey and believe it is Angelina Jolie."

In the third speech "Your Simple Compact and Durable Business Partner" by Winnie Lim of RICOH Malaysia introduced the latest RICOH printers and explained the benefits of each models.

Finally, VA Partners CEO Well Kam Lian Hooi, presented his speech on "Back-to-Basics Business Management based on VA Fastest Model."

The VA fastest model is based on nine key aspects: Vision, Action, Finance and Financial Management, Accounting and Accountability, Sales and Marketing, Technology, Environment, Systems and Team.

Kam finds that the real test for the SME is the "long term survivability and the ability to achieve sustainable growth by achieving consistent development and growth in real terms, through both good and challenging times."

He is a strong believer that the "business, people and system" should grow analogously.

During a short word with him in person, he mentioned that in order to "systemise an operation"; one should "develop their team both internally and externally." By "externally" he meant by connecting with other SME and creating contacts.
The challenge of being a young entrepreneur

The recent reports of CEOs under the legal drinking age inundating Silicon Valley has raised my curiosity on how these highly enterprising teenagers are able to compete with business entrepreneurs twice their age with double the amount of experience while giving them a run for their money and customers at the same time.

You may think of this as a Western phenomenon but with the current growth of investment in Asia and rising talents in the East, it might actually become a reality for us in the coming years. "I have always believed that in order for one to achieve their dreams, they should always have passion and love what they are doing," he said.

When asked about how one finds their true passion in life, he shares that "there must be surely something one must like to do now like a hobby or interest. They don't have to be extremely good at it but it is important they must have the passion for it."

For example, there was a celebrity dog trainer who was an immigrant in the United States could barely speak English when he first arrived there. However, he had a particular passion and that was working with dogs. He could naturally understand the dogs and he spoke their language. He eventually became famous because of his passion."

He encourages teenagers to go ahead and explore with their ideas. "They shouldn't be afraid of trying and failing. Maybe it is an Asian stigma that failing is a bad and embarrassing thing but Thomas Edison in his quote believed that he did not fail 10,000 times but simply found 10,000 ways that wouldn't work."

Unirazak’s Leilanie sharing her thoughts on family entrepreneurship.

Michael Lai’s philosophy is “big where it matters and dominate where it is weak; grow from strength.”