



Guide to  
**BUSINESS SURVIVAL**



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It is a tough time for doing business right now, but there are things that SMEs can do to help them survive the turbulence.



# Survival Kit

We highlight the key areas of vulnerabilities faced by businesses in a difficult environment and the strategies to shore up your defences.



## Transforming Business to Survive

In the current economic downturn, survival is clearly the first order of business for any enterprise. Recognising the difficulties ahead, this year's Budget is a balanced one that sought to address both short-term challenges as well as medium-term economic transformation.

For the business community, the Budget's S\$4.5 billion Industry Transformation Programme aims to help small and medium enterprises (SMEs) transform their businesses in light of a fast-changing competitive landscape, even as they cope with high business costs and a tight labour market. Measures such as an SME Working Capital Loan and initiatives to help them automate their processes and adopt robotics technology are important steps in the right direction.

However, we should not underestimate the impact of the slowdown. Global growth is likely to be around 3 per cent, while China's manufacturing slowdown is significant. These factors will have a major impact on local businesses.

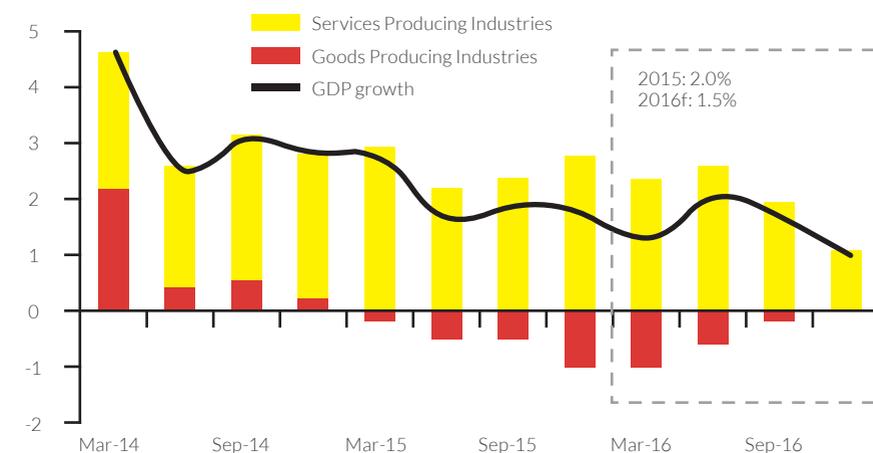
As such, ensuring that you have the cash, talent and products to keep the doors of your business open underpins every other goal – whether it is building an industry-leading brand or establishing a global presence.

Yet, so many entrepreneurs are so focused on growing their businesses that they ignore some very important aspects of staying afloat. This can be something as simple as keeping your top salesperson happy or reviewing your cash flow to identify potential bottlenecks.

In good times, you might get away with not protecting your business adequately. But when the landscape becomes volatile – as it has now – a slowdown in business can lead to the demise of an otherwise healthy enterprise.

### SG: Growth outlook for 2016

% YoY, %-pt contribution





In March, DBS cut its GDP growth forecast to 1.5 per cent for 2016. If this happens, Singapore's economy would have expanded at its slowest rate since the global financial crisis in 2008/09. Weakness has emerged in key sectors such as electronics, which is facing a cyclical downturn, and in the oil and gas-related industry, which is undergoing a "drastic consolidation".

Under such a scenario, protecting your key assets and talent becomes even more critical, and more than the usual measures may be required. In a tight labour market, for instance, it may take more than a pat on the back and an annual bonus to keep your top talent from leaving. In the event that they do, progressive companies here are turning to products such as insurance to mitigate the loss of key employees.

Meanwhile, in an innovation-driven business world, your ideas could be your most important asset, differentiating your business from the competitors. Yet, an inability to protect your intellectual property could mean a host of copycats eating into your market share.

## A Guide for Business Survival

This report aims to highlight the latest tools and services available to shield your business from danger in an increasingly risky environment. Treat it as a handy survival guide filled with tips from leading experts and entrepreneurs and information about useful resources you can tap on as you navigate the tricky path ahead.

It is broken down into five sections: Protecting your key talent and assets with insurance, the lifeblood of your business, keeping your secret sauce safe, building a bullet-proof brand and changing the game to stay ahead. Each one relates to a key aspect of your company that will determine whether it sinks or swims in rough waters.

This may not be the year of record profits or blockbuster revenue for many local companies, but if you heed the advice in the following pages, you can ensure that your business emerges from the current slowdown in good shape to capitalise on the eventual upswing.



## Protecting Your Key Talent and Assets with Insurance



Disruption is a constant in the business world. In today's volatile environment, it happens more frequently and in more unexpected ways – whether it is the departure of a key employee or the passing of a business partner.

To mitigate such risks, SMEs must put in place business continuity plans to ensure that the operations can carry on with minimal hiccups. Yet, many business owners who are too focused on growing the business or trying to save costs end up not putting sufficient safeguards in place. One such safeguard involves using insurance to ensure that there is an injection of cash flow to help deal with any disruption that occurs.

In particular, more companies in Singapore are adopting universal life insurance (ULI) to mitigate risk in an increasingly volatile business environment. This multi-functional product provides you with the necessary protection to address a number of different challenges – from helping you retain key talent, or ensuring the company has sufficient cash flow to survive a major disruption to your operations.

Terence Yow, the founder of Enviably Me – the distributor for the popular Melissa brand of shoes in Singapore and Malaysia – understood the importance of having ULI in place and effected a policy last year.



“ Universal life insurance is the last line of defence against risk. We are not going to live forever. ”

– Terence Yow, Founder, Enviably Me

It also gives him the peace of mind that there will be sufficient cash to help the business he built from scratch continue operating even if it falls on hard times.

ULI is a key tool that is available to business owners to protect themselves from disruption and can be used under various scenarios that threaten the survival of the business. These are detailed on the following pages.

To get a better picture of which areas of your business are susceptible to disruption, take our business assessment tool: [go.dbs.com/bizsurvivaltool](https://go.dbs.com/bizsurvivaltool)

## How Universal Life Insurance can Protect Your Business

### Key Man Insurance: Insuring against loss of key talent

In every company, a large proportion of the business depends on key individuals. Whether it is an owner, director, or CEO, the premature death of this person can severely disrupt operations and threaten the survival of the business.

To mitigate this risk, a business can effect ULI on key employees. If that person passes away, the insurance payout will provide the business with liquidity to keep the business running. This will also assure creditors of a smooth transition so that credit lines are not impacted.

**SCENARIO**  
**WITHOUT ULI** Philip plays a pivotal role in Saviour Pte Ltd's operations. Should he pass away, business and, thus, profits may be adversely impacted.

**WITH ULI** If the company had bought ULI for Philip, there would be a payout after he passes away. This money would be injected into Saviour Pte Ltd to cover any losses it may incur and tide over the business till it recovers from his loss.



## Buy-Sell Agreement: Supporting Business Continuity Plans

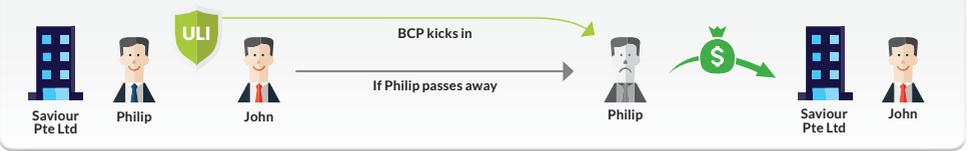
If a partner or a shareholder of a company passes away, a buy-sell agreement as part of a business continuity plan (BCP) will come into force. This will dictate the conditions for buying out the share of the deceased party. A ULI can be effected to fund any buyout that occurs under the agreement.

**SCENARIO**

Saviour Pte Ltd has two directors, Philip and John. If one of them passes away, the firm's BCP states that the surviving party will buy out the other party's shares.

Saviour Pte Ltd effects ULI for both directors, providing a death benefit for both Philip and John, paid to the company.

Philip passes away and the BCP kicks in. The ULI payout will be injected into the company. Part of this amount will be used to buy out Philip's shares and part of it will be used to cover any additional monetary losses due to his death.



## Executive Bonus: Promoting talent retention

A business can effect a ULI policy for a key employee as an added incentive for that person to stay with the company. This is usually paired with an employment agreement that allows the employee to partially or fully access the policy's cash value for retirement or other financial needs at an agreed point in time. In the event of death, the ULI payout will be executed according to the employment agreement.

**SCENARIO**

Saviour Pte Ltd effects ULI as part of a retirement or gratuity package for Philip. The two parties agree that the company will transfer the policy to Philip after 20 years of service. He will then have the option to surrender the cash value of the policy or retain the life insurance, upon transfer of ownership at that juncture.

If Philip passes away before 20 years of service, Saviour Pte Ltd has stated that 50 per cent of the death benefit will go to his beneficiaries and 50 per cent will be paid to the company.





## Estate Equalisation: Supporting Succession Planning

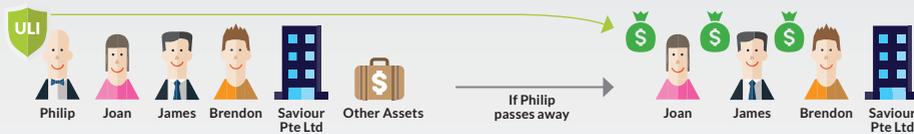
Family businesses face the risk of being dissolved because of disputes over inheritances following the death of the founder. This is especially true when not all family members are actively involved in the business.

To ensure an equitable sharing of assets, the business can effect a ULI for the owner that will effectively increase the value of the assets that can be distributed among the heirs. More importantly, it provides cash to pay the heirs that are not active in the company their share of the wealth immediately, thus avoiding the need to liquidate the profitable business.

### SCENARIO

Saviour Pte Ltd is owned by Philip. He has two sons, James and Brendon. Philip's wife, Joan, and Brendon are not active in the business unlike James, who is a key person in the business. Philip intends to equally split the estate among his heirs.

- Saviour Pte Ltd = \$10 million
- Other Assets = \$10 million
- ULI Payout = \$10 million



Philip has drawn up a legal agreement stating that upon his death, his assets will be split equally among his sons and his wife. However, not all parties are active in the company. To ensure sufficient funds for the payouts without dissolving the company, Saviour Pte Ltd effected ULI for Philip with a \$10 million payout. This takes the total value of his assets to \$30 million, part of which can be used to satisfy the inheritance obligations of Joan and Brendon.



## Portfolio Diversification: Protecting your financial assets

Effecting ULI helps to diversify an investment portfolio, especially as returns from insurance products tend to have a low correlation to other asset classes like equities or bonds. And compared to other products, ULI offers death benefit protection, liquidity at death and a potentially higher cash yield.

### SCENARIO

Philip has the following portfolio mix:



He decides to use \$1 million in cash to effect ULI on himself.

Upon death, the total portfolio mix will be:



This increases the inheritance for Philip's beneficiaries and also provide the liquidity needed to preserve other assets.

In the event of a downturn and he has to liquidate his real estate, his portfolio will still suffer less.





## Credit Protection: Preserving Cash Flow

A ULI policy can provide funds for a business to cover any debts, in the event of the death of a key person, that may affect a company's credit lines. This will prevent a disruption in business operations and provide creditors, customers and other stakeholders the assurance of a smooth transition.

### SCENARIO

Saviour Pte Ltd has credit lines with DBS Bank, and the Guarantor for these lines is Philip.

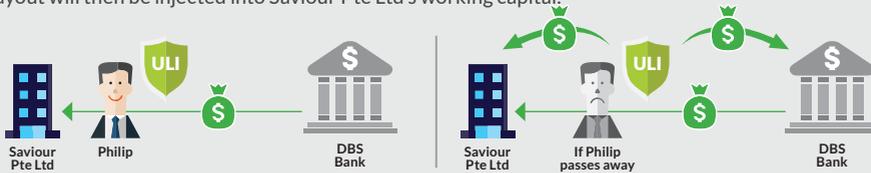
#### WITHOUT ULI

In the event of Philip's death, credit lines may cease and majorly impact operations of Saviour Pte Ltd. Creditors may also lay claim to his personal estates as he is a Guarantor.



#### WITH ULI

Saviour Pte Ltd effects ULI for Philip. In the event that he passes away, the policy will issue a payout that can be assigned to the bank. This will be used to cover any credit lines that may be revoked. The balance payout will then be injected into Saviour Pte Ltd's working capital.



### CASE STUDY

## Why key man insurance is critical to business survival



Fang Koh Look, Founder, Absolute Kinetics Consultancy (AKC)

Civil engineer Fang Koh Look set up Absolute Kinetics Consultancy (AKC) on his own in 2001. From being a one-man show, AKC now counts more than 100 employees and includes businesses from safety and skills training, to telecommunication distribution. As Fang puts it: "Life, as all things, is very unpredictable. Anything can happen." He shares why he decided to buy key man insurance with DBS Bank in 2015.

#### Why did you choose key man insurance?

I'm 48 this year. I do not want the business to go down the drain in case I'm not there suddenly. I can't live forever. As a responsible business owner, I need to make sure the continuity is there. So I signed on with a key man insurance plan with DBS.

#### What's stopping SMEs from buying key man insurance?

It's to do with culture and taboos. Many people do not want to think about death. I dispute this. When you have a risk, you can't run away from the risk. You have to manage it. A key man policy is for us to transfer the risk when something happens.

In 2008, I had a close brush with death when I contracted dengue fever. Those six days in hospital transformed me, and made me realise that life is so fragile. We need to be responsible. Wouldn't it be silly if you don't buy insurance to protect your business? I urge SME bosses not to run away. (Death) is something that will come. You have to face it. You have to have a Plan A or Plan B or Plan C.

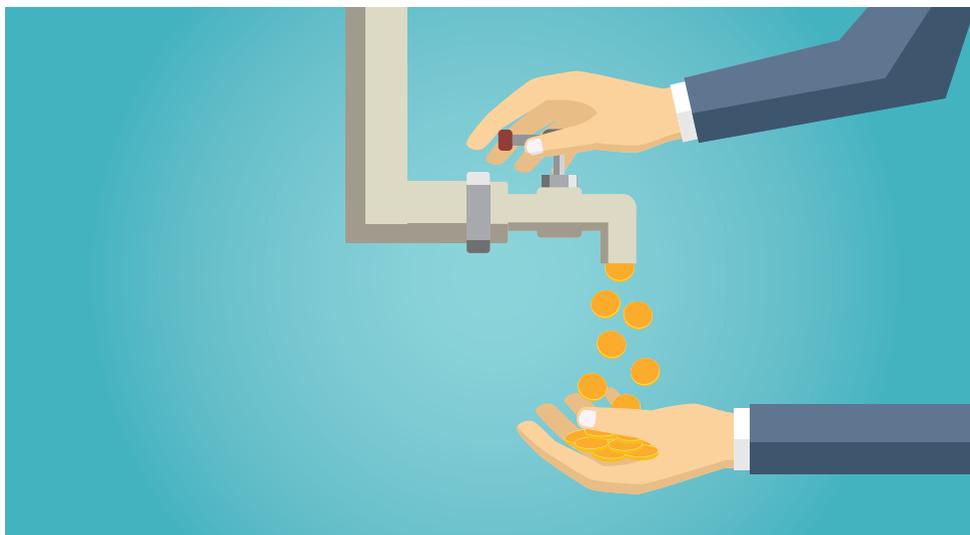
#### What other steps are you taking to future proof your company?

I have a strong asset base. I have sophisticated cash flow management. We are also versatile. We've also converted full-timers to become vendors. And we have fewer rental property units.

I don't have any fanciful ambitions. I only have one task: To make sure my company continues to grow progressively healthily and stably with a good foundation. Beyond that, if my time is up, I would like to hand on the baton to whomever is the successor.



## The Lifeblood of Your Business



You may have come across this phrase: “Cash flow is the lifeblood of any business.” Not only must companies ensure they have the funds to keep their operations going in good times and bad, it is also essential that they avoid the perception of having cash flow problems, especially in a sluggish economy.



“Companies may react adversely upon receiving news that you might have cash flow issues, so as to safeguard their own interest. For example, if I supply your company and I don’t know you well, and I hear you might have cash flow challenges, I might start asking to be paid on cash terms.”

– Stanley Tan  
Head of Working Capital Advisory, DBS Bank

According to the Singapore Commercial Credit Bureau, slightly more than one-third of payment transactions in Singapore were delayed for the final quarter of 2015. While the situation has improved, the uncertainty ahead means that you have to be more vigilant about protecting your company’s lifeblood. Here are some ways to do that.



## Tips For Managing Your Cash Flow

### Prepare for the worst (now)

The global economy has been roiled by volatility since the start of the year. Under such circumstances, it is better to have backup credit lines in place, in the event that customers start to drag their payments even as your suppliers tighten credit terms.

As it takes some time to set up a facility, do not wait till trouble hits before approaching your bankers. Also, as a rule of thumb, build up six to 12 months of cash reserves as a buffer as quickly as you can.

### Choose the right financing

There are many different loans and financing options available to your business – from a simple overdraft and term loans to more specialised products like accounts receivable financing. Explore with your banker the various products that may best fit your needs – it might end up saving you some money as well. Here are some examples below.

PRODUCT	DESCRIPTION
Overdraft	A revolving line of credit that frees up cash that can be used to grow the business. Interest is only charged on the amount you have actually used.
Micro Loan	Launched in conjunction with SPRING Singapore, this loan allows SMEs to borrow as much as S\$100,000 for up to four years to fund your business expansion.
DBS Working Capital Loan	Borrow up to S\$300,000 to boost your cash flow and support your growth plans.
Accounts Receivable Purchase	Monetise your receivables and protect your company against buyer credit risk by selling your receivables to the bank. You can also save time by letting the bank handle collections and reconciliation-related administrative activities.
Venture Debt Financing	Growth stage tech start-ups with a proven business model and backed by DBS partner venture capitalists can now apply for this financing for working capital, fixed assets acquisition and project financing.

### Get the whole picture

Many entrepreneurs only look at their profit and loss statement to gauge the health of their company. While this is important, you also need to have a clear picture of your cash flow situation as well. This may require spending some time on more tedious activities such as cash flow forecasting and contingency planning.



## Invest in systems

Accounting software can help you gain much-needed visibility of your business's cash flow. This is particularly important when a business reaches a certain size and complexity, when it becomes difficult to see where the funds are coming from and going to.

Using online banking platforms could also help. For example, systems such as DBS IDEAL™ allow you to transact electronically and provides data that you can use for cash flow forecasting. Transactions, payments and receipts data can be downloaded in electronic form to assist with your cash visibility.

## Strengthen your relationships

When you hit a rough patch, suppliers are more likely to throw you a lifeline if they trust that you are going to make it out alive. Likewise your bankers. This means investing the time to build and deepen your relationships with key stakeholders.

## Leverage Government schemes

There are many Government-backed financing schemes that local SMEs can tap on to help with their cash flow situation.

### *Intellectual Property Financing*

Administered by the Intellectual Property Office of Singapore (IPOS), this scheme allows you to get a term loan of up to S\$5 million by using your company's patents as collateral.

### *DBS Business Capabilities Loan*

This loan is designed for SMEs, who have successfully applied for government grants, to cover expenses incurred prior to grant reimbursement from the respective schemes.

### *Loan Insurance Scheme*

The Loan Insurance Scheme helps local businesses obtain short-term trade loans and other trade-related financial assistance from participating financial institutions. This ensures that your financing is tailored around your trade cycles.

### *Local Enterprise Finance Scheme*

Borrow up to S\$15 million to cover the cost of upgrading your factory or equipment, or buy commercial property through JTC Corporation or HDB with this scheme.

### *Internationalisation Finance Scheme*

Administered by International Enterprise Singapore (IE Singapore), borrow up to S\$30 million to finance your overseas expansion with the Internationalisation Finance Scheme (IFS).



## Keeping Your Secret Sauce Safe



To many business owners, protecting intellectual property (IP) is something that only technology or creative businesses have to worry about. Yet, IP is an asset that extends beyond just software or design to any company that leverages innovation in their business.

“IP is everywhere in our daily lives. Do not let the perceived complexity prevent you from creating a strategy to protect your most valuable assets. Keeping your IP safe and avoiding infringement can be the difference between success and failure,” said Michelle Tan, Director of IP ValueLab, a wholly owned subsidiary of the Intellectual Property Office of Singapore (IPOS). “The consequences of not protecting these assets can be serious as businesses may not have recourse on those who misuse your IP.”

Apart from a lack of awareness, SMEs here are generally reluctant to protect their IP by registering it with an organisation like IPOS because they perceive the process to be complex and costly. To learn more about IP management, companies can participate in the clinics organised by IPOS.



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Director IP ValueLab, a wholly owned subsidiary of  
the Intellectual Property Office of Singapore (IPOS)



## Tips on Protecting Your Intellectual Property

**Know your IP types** – A patent is not a trademark and a copyright is different from a trade secret. There is a tendency for businesses to treat them equally because they are all under the umbrella of “intellectual property”. They are completely separate and distinct and each has a different set of laws governing it. The best form of IP is whichever works best with the business model. Coke’s most valuable IP asset is a trade secret, while McDonald’s has its trademark. For filmmaker Jack Neo, copyright is the best way to protect his movies.

For more information: <https://www.ipos.gov.sg/>

**Be clear about your position on IP** – IP Management (IPM) refers to a whole range of decisions over the life cycle of the IP: from Creation → Ownership → Protection → Exploitation. These include decisions on whether to own an IP, whether an IP needs to be protected, and choosing the appropriate and adequate protection option. A clear IP policy will guide employees in handling IP issues in their course of work.

**Be organised to manage the IP** – Put processes in place that support good IPM. These may include an IP disclosure process to capture new IP created; an evaluation process to ascertain whether protection is implemented appropriately; and a monitoring and enforcement process to ensure that the organisation’s IP is respected outside the organisation and others’ IP is respected within the organisation.

**Develop the capability to do so** – Provide training to help staff better understand and appreciate the value of IP. A culture of respecting IP will minimise the likelihood of infringing others’ IP rights. At the same time, employees will be in a better position to identify infringement of their company’s IP.

**The work does not end when the IP is filed** – On the contrary, work begins when IP is filed. IP does not automatically create value for businesses unless it is used and properly managed. This could involve devoting marketing efforts to promote IP and developing an appropriate model for sales and licensing. IP rights require usage, maintenance and protection.



## Monetising Your IP Assets

### Intellectual Property Financing

Although intangible, a company’s intellectual property is considered one of its key assets and, like any asset, can be used as collateral to obtain financing. An IP financing scheme administered by the Intellectual Property Office of Singapore (IPOS) and funded by DBS enables businesses to tap on as much as S\$5 million for up to six years at a maximum interest rate of 7.5 per cent per annum.

For more information: <http://go.dbs.com/IPfinancing>

### Government Grants and DBS Business Capabilities Loan

SMEs can also tap on Government assistance schemes such as the Capability Development Grant (CDG) to help them develop their IP. This allows a company to defray up to 70 per cent of their qualifying project cost. SMEs who have successfully applied for a grant can now also apply for the new DBS Business Capabilities Loan (BCL) to finance their project expenses before the grant is reimbursed.

For more information: <http://go.dbs.com/bizcaploan>



## CASE STUDY

## Protecting intellectual property is key to growing your business



Joseph Lam,  
Managing Director,  
NSP Tech Pte Ltd

NSP Tech is a Singapore-based contract manufacturer specialising in design and mould making, injection moulding and other processes to support the manufacturing needs of its customers in the electronics, telecommunications, and medical industries. Joseph Lam talks about the importance of protecting their intellectual property.

### **What are your IP assets and how have you protected them?**

I hold patents for two medical devices: Safeticet™ and Safetiheel™. Safeticet™ safety lancet is a single-use device for capillary blood sampling dedicated to healthcare professionals. We have now made it so small and comfortable enough for end users, making blood glucose testing more convenient and mobile for diabetic patients.

The patents protect my invention of the activation mechanisms of the devices and are filed in the US, countries in Europe and leading Asia markets.

### **When did you realise the need for an IP strategy?**

I have been in the contract manufacturing business for many years, mainly serving MNCs. I learnt about IP while working with them.

When you have a new product that is different and better than existing products in the market, there will be competitors who want to replicate and take advantage of the market value of this product. I have invested a lot of resources in my invention and I recognise that only through a patent can I protect it.

### **How has it benefited you?**

A patent gives me peace of mind to manufacture, sell, grow and sustain our business. Having our own IP also attracts big players in the market, and we have gained greater exposure and increased business opportunities.

### **What were some of the challenges you faced in the process?**

The funds needed for the IP protection process is a burden and to maintain the IP can be very costly. It is challenging when you have too many patents in many countries. We spent hundreds of thousands of dollars in IP protection in 17 countries.

### **Any advice for other SMEs planning an IP strategy?**

It is important to understand the whole process of obtaining the IP including the time and financial resources required to maintain the IP.

My advice to other SME is to brave through the process of having your inventions protected if you want to become a market leader. It may be lengthy and costly but if you are able to succeed, you will be able to increase the value and stability of your business.



## Building A Bullet-Proof Brand Online



When the economy sours and both consumers and businesses become tight-fisted, companies that have invested in building a strong brand and an effective marketing strategy are usually the ones that customers will continue to turn to.

That's because customers on a limited budget will turn to the company that it knows will deliver, or at least has a reputation for doing so. As more customers migrate to online platforms for shopping and buying, companies that wish to pursue them must conduct their marketing through digital channels such as social media.

Social media allows marketers to deliver relevant and engaging content on the platforms their customers are most engaged on. In this regard, Facebook has become the dominant online platform for businesses to reach potential customers. Roughly three million businesses from around the world actively advertise on the social media channel. The majority of these advertisers are small businesses, with the strongest region of growth right here in Southeast Asia.



“With over 1.59 billion people now using Facebook worldwide, SMEs can expand beyond their local market with confidence.”

– Nadia Tan  
Head of Small & Medium Business, Southeast Asia, Facebook



## Success story

### Ministry of Retail

Ministry of Retail, a Singapore-based e-commerce business found success marketing on Facebook every month, with 60 per cent of website traffic in its first year coming exclusively from Facebook. Some 50 per cent of its total revenue also came from Facebook traffic over the same period.

The company's Facebook Ads target fans who are identified by age, gender and region. Ads in the News Feed feature images of their products that are delivered to existing fans as well as potential customers. The ads also helped to increase brand awareness in overseas markets. Today, Ministry of Retail spends 100 per cent of its online marketing budget and effort on Facebook.

After seeing sales increase by three times in its first month using Facebook Ads, the Singapore-based online clothing retailer has extended its reach into Malaysia and is now looking to enter other regional markets such as the Philippines.

## Tips on building a brand on social media

### Mobile first

Mobile devices such as smartphones and tablets have become the most common way for consumers to access their social media channels. The biggest mistake for companies marketing on social media would be to under-invest in mobile-friendly content and budget.

### It is not just about the Likes

One common social media marketing mistake is to over-emphasise fan engagement – such as obsessing over the number of “likes” an advertisement garners. Social media marketing can help achieve more important goals such as driving website conversions or building brand awareness. These are focused on achieving business results that matter most to businesses.

### Know where to get real insights

Businesses can use tools such as Facebook's Audience Insights and Page Insights to learn about their target audience in order to create more relevant content for them.

Using Audience Insights, you can get aggregate anonymous information such as:

<b>Demographics</b>	Age and gender, lifestyle, education, relationship status, job role and household size
<b>Page likes</b>	The top Pages people like in different categories, like women's apparel or sports
<b>Location and language</b>	Where do people live, and what languages do they speak
<b>Facebook usage</b>	How frequently are people in your target audience logging onto Facebook and what device they are using when they log on
<b>Purchases activity</b>	Past purchase behavior (i.e. heavy buyers of women's apparel) and purchase methods (i.e., in-store, online)



## Optimise your campaign

Many SMES may be familiar with the “Boost Post” advertising option available on Facebook pages, but they can further improve the performance of their campaigns using more sophisticated tools.

Some examples of Facebook tools include:

<b>Adverts Manager</b>	This is Facebook's tool for managing adverts and checking their performance, providing access to more campaign optimisation opportunities.
<b>Lookalike Audience</b>	Using this tool, advertisers can reach more people who look like their own established customers. A lookalike audience uses several kinds of user set as a “seed” and an audience is built of similar users. This tool can be used for fan acquisition, site registration, off-Facebook purchases and coupon claims, or simply to drive awareness of a brand.
<b>Custom Audiences from your website</b>	This tool matches people who visit your website with people on Facebook. You can then create an ad to show to that audience.



## Changing the Game to Stay Ahead



Technology and competition has fuelled rapid changes in the business landscape. Couple this fact with a slowing economy and global competition, and it is clear that Singapore SMEs have to experiment with different ways of operating to survive.

It is no longer sufficient to merely improve your product or service. Rather, companies must think about changing the very way they operate in order to adapt to the fast-changing environment. This might involve undertaking a process known as Business Model Innovation (BMI), which involves coming up with new ways to conduct a business or modify an existing business model in order to create value for its customers. Much of this innovation is fuelled by technology.

Prominent examples include how Uber and Airbnb have disrupted the taxi and hospitality industries, respectively, with their “sharing economy” models of business. Closer to home, peer-to-peer crowdfunding platforms like MoolahSense compete with traditional banks in the lending business.

Dr Michael Teng, the CEO of Singapore Innovation and Productivity Institute (SiPi) believes that many SMEs in Singapore are losing competitiveness due to global competition and internet. “SMEs in Singapore have to transform their business models and innovate very urgently today. Studies have found that returns from innovation in business models are exponential,” said Dr Teng.



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– Michael Teng  
CEO, Singapore Innovation and Productivity Institute (SiPi)

SMEs can get help with innovation projects through Government assistance schemes such as the Capability Development Grant (CDG). This allows a company to defray up to 70 per cent of their qualifying project cost.

SMEs who have successfully applied for a CDG with SPRING Singapore can now also apply for the new DBS Business Capabilities Loan (BCL) to finance their project expenses before the grant is reimbursed. Companies can also learn more about BMI at courses conducted by SiPi.

While how you go about innovating your business depends on what industry you are in, at DBS BusinessClass we have encountered several examples of business innovation undertaken by our local SMEs. Here are some examples.

## Examples of Business Model Innovation

### Alternative distribution channels



Photo credit: The Coffee Bandits

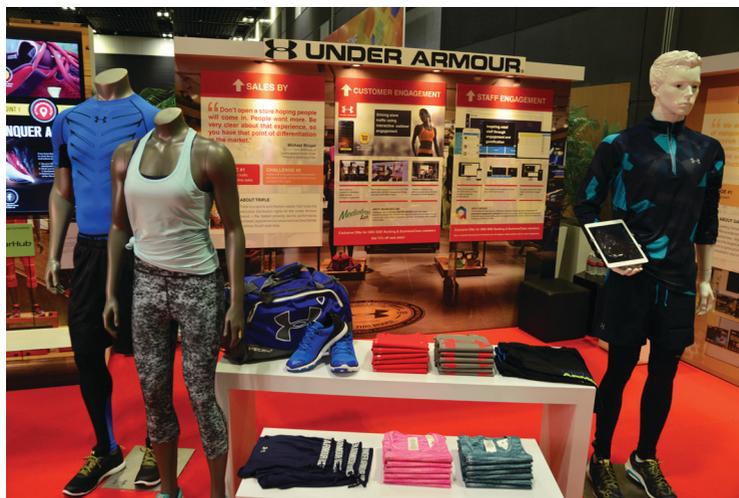
To overcome the issue of high rental costs in the food and beverage industry, local players decided to sell their coffee and meals via a food truck. This meant not only saving on rental but being able to go to areas where demand was high and competition thin, such as industrial parks. In the US, some enterprising chefs are even inviting customers to their homes, creating an “Airbnb” of the restaurant business.



### Bricks-and-clicks business model

In the retail business, companies are combining online and offline channels to increase productivity and better serve customers. For instance, Singapore-based Star360, a distributor for various sporting lifestyle brands, allows its customers to order products through their ecommerce site but pick them out at their physical outlets. This “omni-channel” strategy increases the utility of its outlets and helps justify rental costs.

### Customer as salesperson



Triple, which distributes the high-performance sportswear apparel brand Under Armour in Southeast Asia, hires people from its own customer base – passionate sportsmen, fitness instructors – to become “brand ambassadors” as part-time sales staff. Once on board, they are trained in retail store operations.

To help better develop its employees, the company recently signed a deal with Australian technology company Arcade to provide game-based training tools. The two parties were matched at the DBS BusinessClass Retail Disrupt event last year.

For more details of the case studies above, please refer to our DBS BusinessClass Disrupt Guides here >



# Tips from the Survivors

Battle-hardened business veterans share their secrets to staying afloat.



## Staying Afloat in Choppy Waters

Here are some pearls of wisdom from entrepreneurs and experts in the art of business survival.

### Protecting Talent & Assets



“ Most SMEs are focused on making money and don't spend enough time looking at their risk exposure and the impact on their business if that risk actually happens. If a key person dies or is disabled and you fail to address the impact to the company, it can lead to the business closing down. ”

– **Stephen Chew, Principal Consultant, Summit Planners**



“ As a captain of a ship you need to make sure that the ship is sailing smoothly on a day-to-day basis. You have to look out on the horizon for icebergs. It is my duty to do that. ”

– **Terence Yow, Founder & CEO, Enviably Me**

### Managing Cash Flow



“ You don't want to be caught unprepared when it comes to cash flow. Once there is a whiff of a problem your suppliers might become very guarded and the problem perpetuates. It is a sad story when a good business is impacted because of timing issues. ”

– **Stanley Tan, Head, Working Capital Advisory Team, DBS Bank**

### Branding & Marketing Effectively



“ The perennial challenge for marketers is to keep pace with content consumption trends and to always deliver relevant and engaging content on the platforms their customers are most engaged on. Social media platforms like Facebook allow them to do this. ”

– **Nadia Tan, Head of Small & Medium Business, Southeast Asia, Facebook**

### Business Model Innovation



“ The way forward for SMEs is collaboration. But that is something very tough for SMEs in Singapore, as competition is global. But they find it difficult to do this because they have problems transforming their business model. That is why you really have to transform your business model very urgently today. ”

– **Michael Teng, CEO, Singapore Innovation and Productivity Institute**



## Guides to Disruption

Discover the latest business trends and disruptive technologies in various industries to help your business stay ahead of the competition and remain productive.

### Guide to Disrupting F&B

A Guide for F&B SME business owners to navigate through today's challenging business landscape and take a closer look at some of available solutions that will help boost business productivity.



### Guide to Disrupting Automotive

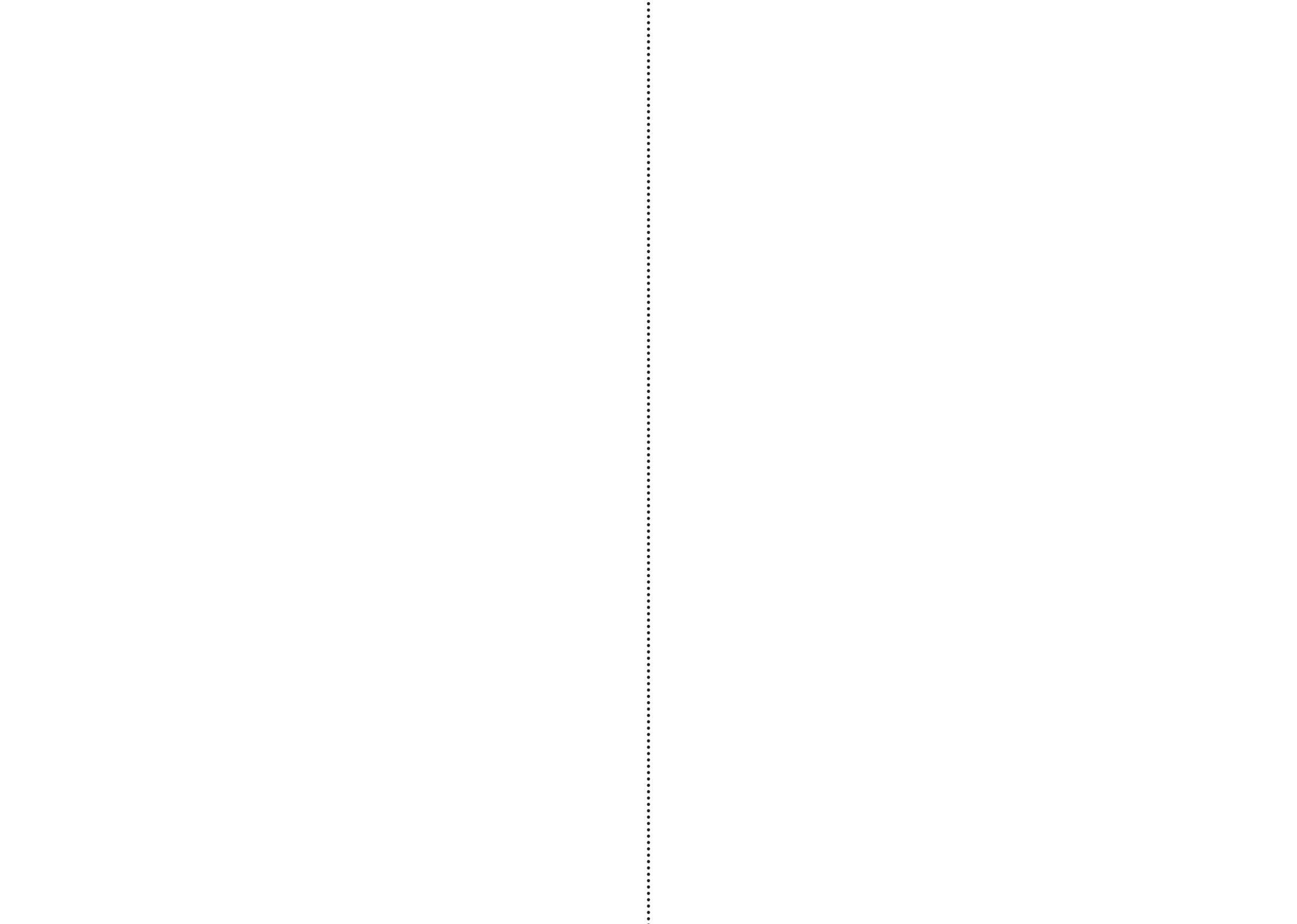
The Guide to help SMEs and innovative startups make sense of these changes in the emerging world of transportation and the future of automotive technology.



### Guide to Disrupting Retail

Helping Retail SMEs cut through obstacles and find a clear path to do what they are best at: selling great products and services. DBS BusinessClass has interviewed several DBS retail customers in Singapore to uncover the issues faced.





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