
INTERVIEW WITH AN ENTREPRENEUR

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FROM THE DESK OF MARVIN

As I write this, I am thinking of a friend of mine (let's call him Frank) who is currently dealing with the prospect of being retrenched from a job that he has held for the past 25 years. Frank is loyal company man who has devoted his entire professional life to his employer. He had joined the company shortly after he graduated from the university and worked his way up to middle management.

The company will compensate Frank with a nice big severance package, but will it be enough? He wants to get another job because he is the sole bread earner and has a family to look after. However, the chances of him finding another job that pays as well as the current one is slim, due to the specialized nature of his job and his age. Frank never thought that this would happen to him, not when his employer is a stable, well-established, global company. He was caught unprepared.

I think what I learnt from Frank is that we should never get too comfortable with our jobs. The myth of the "iron rice bowl" is just what it is, a myth. It can be taken away from us at blink of an eye. So when people ask "isn't it risky to start your own business?" Think about Frank. Isn't it just as risky holding a job?

Marvin Ng, Editor

FEATURE INTERVIEW: COOKING UP A STORM

INTERVIEWEE: JOHARI IBRAHIM, CO-FOUNDER, CARO AMICO

Began: Mid 1998 with 5 employees
Initial Investment: approx. S\$280,000 from savings

HOW DID THE IDEA OF SETTING UP AN ITALIAN RESTAURANT COME ABOUT?

I traveled a lot while I was working in the recording industry and came to appreciate the life styles of the people living in the various countries. In general, the pace of life outside Singapore is more relaxed. People are more laid back and they know how to enjoy life. So, when it came to starting a business, I thought, why not try and bring some of that life style to Singapore? And what better way to do it than to set up a place for people chill out in the company of friends and over good food?

I personally enjoy food and working and meeting people. Since there were only a handful of good Italian restaurants in Singapore, I figured that it was a viable niche to occupy. I wanted to make Caro Amico, which means 'dear friend' in Italian, a friendly casual dining experience for my customers, so I based the restaurant on the 'trattoria' concept.

HOW DID YOU BRING THE RESOURCES (EXPERTISE, PEOPLE, AND MONEY) TOGETHER?

In terms of expertise, I have prior experience in the F&B scene, as I was involved in another restaurant before I set up Caro Amico. Therefore, I am quite familiar with the day-to-day operations of a restaurant. In terms of people, what we lacked, we hired. Aside from my partner and me, we hired several experienced kitchen staff. As for the start-up capital, we pumped almost three hundred thousand dollars into the business initially. And most of it was hard cash savings from me and my partner.

Bringing the resources together was the easy part. What I find more challenging and enriching is the constant learning process to improve the business. For example, when we first started, I had a very clear idea of the type of dining experience that I wanted my customers to have based on my personal expectations (of an ideal dining experience). Therefore, I was able to communicate it clearly to the staff and trained them accordingly. However, that was only the starting point. I found it important for us, as restaurant owners, to constantly interact with our customers and gather their feedback. Only by listening to them and improving your services or products accordingly, can you ensure that their business.

WHAT MADE YOU MAKE THE JUMP FROM BEING A CORPORATE BIG-WIG TO AN ENTREPRENEUR?

I had been working in the recording industry for more than 20 years. During this period, I climbed the corporate ladder and reached the rungs of upper management. I was the Head of Marketing and Promotions for Warner Music and later moved on to be the Strategic Marketing Manager at EMI. The job was stable and the money was not too bad, but I felt the need to grow. I wanted to take my career to the next level, namely, to be my own boss. Starting my own business just seemed to be a natural progression.

I was nervous but the thought of being able to do your own things and run your own show was very attractive. Of course there are times for self-doubt, such as when business is slow. But, if given a choice to do it all over again, I would still do it because the satisfaction of being able to choose to do things that you like is simply priceless.

WHAT HAS BEEN THE GREATEST CHALLENGE RUNNING THIS BUSINESS SO FAR?

The biggest challenge so far is figuring out how to make the business thrive in the current economic downturn. Many F&B businesses, including my own, have been badly affected by this downturn. This is a time when even a small business mistake can be fatal.

And the three most important things to watch out for at this time are cash-flow, cash-flow, and cash-flow.

TELL ME A LITTLE BIT ABOUT YOUR INTERESTS.

I am in the food business! It should not be a surprise if two of the things I love are food and traveling. I love traveling – going to new places, meeting new people, and of course, trying new food. I personally subscribe to the adage that “the further one travels, the wiser one gets.” I am always on the look out for ideas and opportunities when I travel. I fully encourage your readers to take the effort and take time out to see the world. You never know what you will find.

ARE THERE OPPORTUNITIES THAT YOU WOULD LIKE TO EXPLORE IN THE FUTURE?

I am toying with the idea of entering the hospitality industry. Perhaps, I might set up one of those small, exclusive boutique hotels in the near future. Not in Singapore of course, I can't afford to do that here <laughs>.

I am interested to explore opportunities in other countries like New Zealand. In general I find the cost of living and doing business in these countries to be lower and yet, their quality of life is on par with Singapore. Won't setting up a boutique hotel there would be a good idea?

WHAT GETS YOU PERKED UP AND COME TO WORK EVERYDAY?

The satisfaction of doing my own things, seeing my customers enjoying their food, and hanging out with their friends, that's what makes me happy. It is not all about money; it is the satisfaction that you get out of it.



FEATURE INTERVIEW: BUILDING STRONG FOUNDATIONS

INTERVIEWEE: STEVEN YU, CO-FOUNDER, RAMCO ENGINEERING

Began: 1993 with 7 employees, now 35 employees
Initial Investment: approx. S\$100,000 from savings
2001 Turnover: \$1.5 million

WHAT DOES YOUR BUSINESS DO?

RAMCO is an engineering company that specializes in the repair, strengthening, and maintenance of concrete. Concrete structures are often subjected to a wide range of exposure such as corrosion, overloads, and fire which can undermine structural integrity of the concrete. Our job is to prolong the life span of damaged concrete using highly specialized tools and techniques. Our projects include residential (e.g. condominium), industrial (e.g. warehouses, factories), and specialized (e.g. jetties) structures.

TELL ME ABOUT YOURSELF AND YOUR WORK EXPERIENCE?

Since young, I knew that I would make building buildings my career. After I graduated with a civil engineering degree in UK, I landed my first job with a Singaporean company, designing buildings and inspecting buildings for damage.

I became very good at assessing damaged buildings but I did not know how to get them fixed. Repairing buildings is a specialized trade and I became very interested in it. I later joined another company that specialized in repairing buildings to further my career goals.

WHAT MADE YOU DECIDE TO COME OUT ON YOUR OWN AND SET UP A SPECIALIST ENGINEERING COMPANY?

I think the “entrepreneurship gene” runs in my family. I have four brothers and they are all businessmen, running their own companies in Malaysia and New Zealand. Since young, I had wanted to run my own business. My goal was to set up a company by 35.

The early 1990s was a booming time for construction and engineering companies. In 1993, the opportunity to run my own business presented itself when my partner Ong asked me to join him to set up RAMCO. Both of us had been in the industry for sometime and realize that building repair was a viable niche market. There are always buildings in need of repair but there were few companies that can repair them. In fact, Ong already had a number of projects on hand when we started the company and we were able bring in money from day 1.

HOW DO YOU AND YOUR PARTNER MAINTAIN A GOOD WORKING RELATIONSHIP?

The key thing is trust. Partners must have trust in each other in order for the partnership to work well and remain strong. We trust each other to do our best for the company. An important example is how we handle mistakes. When either of us makes a mistake, we will explain the cause to our partner, move on, and try not to repeat the mistake again. We understand that mistakes happen when we take risk. There is no point in arguing who is right and who is wrong. Time is better spent understanding what went wrong and figuring out how to move on from there.

HOW DID YOU BRING THE RESOURCES (EXPERTISE, PEOPLE, AND MONEY) TOGETHER AND HOW LONG DID IT TAKE TO START UP (FROM IDEA TO FIRST CLIENT)?

Both my partner and I had prior experience in the industry. However, as we grew the business, we also built up our expertise by taking on more complex projects. There were times when we learnt by trial and error and paid dearly for it. But I think it was worth it so long as you learn from it.

As for the initial investment, we both dug into our savings. Money, however, was not a major worry during the starting up phase. Firstly, unlike typical engineering companies, the overheads for our trade were lower. Cash flow management was therefore easier. In addition, we already had cash flowing in from projects within weeks after we started the company. We were therefore able to manage without taking any bank loans. In fact, we were able to breakeven within a couple of months after we started the company.

WHAT HAS BEEN THE GREATEST CHALLENGE DURING START UP?

For us, the biggest challenge then was coping with the partnership. We had to get used to working with each other. We had to learn about each others' strengths and weaknesses and allocate the responsibilities accordingly.

Both Ong and I bring different skills to the company. Ong handles the more general project and because he is more of the people person than me, he handles most of the people related issues like dealing with workers and collecting bad debts. I am more technically inclined, so I handle most of the administration as well as the technical aspects of complex projects.

WHAT IS ONE MAJOR CONCERN YOU HAVE ABOUT THE BUSINESS NOW?

This economic downturn has affected us. Projects have become scarcer and clients tend to look more at price than anything else. There are cases when companies bid for projects at below cost just to secure the project and bring in the cash flow. However, this has a negative impact on the industry as a whole as it is not sustainable. Keeping an eye on the cash flow, managing it prudently, and surviving through these tough times are my current priorities.

On the bright side, this downturn has made the industry leaner by weeding out many non-competitive companies. If we can survive through this period, I believe we will be in a good position to grow the business further.

WHAT IS YOUR FUTURE PLAN FOR RAMCO?

Once business picks up, I intend to expand the company's capabilities in terms of the scope of work we do. One area that I see room for growth is demolition. I am also looking at importing more innovative and sophisticated machineries and techniques from overseas.

WHAT MAKES RUNNING YOUR OWN BUSINESS WORTHWHILE AT THE END OF THE DAY?

For me, there are many things that make it worthwhile. Firstly, it is the freedom to choose and do your own things. You are answerable only to yourself and perhaps your partner. Secondly, there is a great sense of satisfaction when you do a good job and is appreciated by your clients. Thirdly, running your own business is a constant learning process. There are always new things to know and learn – it is never boring. And lastly, it's the money of course! <laughs>

WHAT IS THAT ONE GADGET THAT YOU CANNOT LIVE WITHOUT?

At this time, it is my Nokia hand phone. However, I am considering getting myself one of those PDAs with a built-in camera. I think Sony makes them. Since I frequently take pictures when assessing damaged structures, it will be very handy on the job.



EXPERT TIPS: WORKING WITH PARTNERS

The truth is that working with a business partner is more often than not, a challenge. Like marriage, a good business partnership involves commitment, trust, respect, and communication. Some of you may already be in business or considering setting up a business with a close friend or even a spouse. Our interviewees shared with me some of the things that they do to build an effective and lasting business partnership.

1. While planning the business, they take into consideration, each partner's strengths and weaknesses. It helps them allocate the business responsibilities and roles more effectively.
2. They have a clear understanding with their partners regarding things like:
 - vision and goals for the business
 - their business roles and responsibilities
 - their time commitment to the business
 - mutually agreed ground rules regarding the way business is run e.g. how money is handled or how business decisions are made
3. In most cases, they put this understanding down in black and white i.e. in the form of an agreement.
4. They are upfront with their partners and communicate with them regularly. This allows them to bring up potential issues and resolve them before they turn into big ones.
5. There is respect, trust, and equity in the partnership. They respect their partners for their contribution and value that they bring to the business. They trust their partners to do their best for the business. And they treat their partners fairly.
6. They set up clear processes for decision making and problem solving so that there is no ambiguity.

Do you already have a good business partnership? If you do, please share with us how you and your partner have made your partnership work. Please see the submission instructions below.

NUTS AND BOLTS: HOW GOOD IS YOUR BUSINESS IDEA?

In our last issue, we dealt with the entrepreneur i.e. the person behind the business. In this issue, let us take a look at the business idea. Although a good business idea does not assure success, a bad one most definitely guarantees failure! So how does a good business idea look like? The following are some of the things to look out for:

1. **ADDRESSES FUNDAMENTAL NEEDS.** The product or service addresses the fundamental needs of the customers. There is a market demand or at least a potential market demand for the business' offerings. The benefits of the product or service are clear to the customers and easily communicated. If the product or service is new and novel, it should fulfill unmet needs of the

customers. If it competes with existing products or services, it should possess significant improvements (e.g. price, functionality, quality, etc).

2. **UNIQUE SELLING POINT.** The product or service has features that distinguish it from others on the market.
3. **NOT EASILY COPIED.** The product or service is not easily copied by others. It can be protected by a number of ways including, enforcing intellectual property protection (e.g. patents, registered trademarks, etc), building up a strong brand name, or even making the essence of the product or service a trade secret. Coca Cola, for example, has built a tremendously strong brand name and has also kept its recipe a secret.
4. **GLOBAL REACH.** The product or service is meaningful to customers overseas. A business with global reach is not constrained by the size of the local market and will have plenty of room for future expansions.
5. **SIMPLE.** The business idea is simple to understand and easy to implement. You should be able to clearly describe the business with a few sentences.
6. **LOW OVERHEADS/STARTUP COSTS.** The business can be started with very little money or without putting up key personal assets as collaterals. The business does not incur high overheads and the expenses are dependent mainly on the level of business activities.
7. **E-S-I.** “E” for experience, “S” for skills, and “I” for interests. The business leverages on the work experience, skills, and interests of the business founder(s). This is especially important for a business that starts out as a one-man operation. While the experience and skills of the founder(s) helps speed up the learning process, having interests in the business is a great source of motivation. For example, if the business area is related to a hobby, work usually feels less like a chore!
8. **LEGAL.** This is the MOST important quality!

You can use the guidelines above to sift through your business ideas. You may just discover a couple of gems!

CONTACT AND SUBMISSION

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Marvin Ng, Editor

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