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## INTERVIEW WITH AN ENTREPRENEUR

Issue #5: 31 Dec 2002

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### FROM THE DESK OF MARVIN

What is optimism? It is the attitude of expecting the best outcome and the most hopeful aspects in a given situation. An optimistic person tends to look at the bright and hopeful side of things.

Some people discount optimism as foolhardiness and believe that it does not have a place in our pragmatic society. Luckily, most entrepreneurs do not subscribe to this notion. If they did, there would probably be many fewer businesses today.

Entrepreneurs are an optimistic bunch. So long as they perceive that an opportunity exists, they will set up their businesses even in 'bad times'. Some of the entrepreneurs that I interviewed in 2002 thought that the economic downturn was an opportunity to set up or expand their businesses as the cost of business was low. Furthermore, with the gloomy economy, businesses are forced to innovate. As the saying goes "what doesn't kill you, makes you stronger". When these entrepreneurs invest during the tough times and survive, they will be in a better position to reap in the rewards when the economy recovers.

Looking back, 2002 has been somewhat depressing -- the global economy remains weak, terrorism is becoming more rampant, and the specter of war continues to haunt us all. 2003 could be worse, but on the other hand, it could get better. So let us be optimistic and start working on that killer business idea that will bring us success for the coming year!

With that, I would like to wish all the readers out there a Happy New Year and may 2003 bring you great success and prosperity!

Marvin Ng, Editor

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## **FEATURE INTERVIEW: 1<sup>ST</sup> STEP, 1ST PHASE**

INTERVIEWEE: DERRICK TAN WEE MENG

Began: 2002 with 0 employees

Business Area: biotech consultancy

URL: [www.1st-phase.com](http://www.1st-phase.com)

### **TELL ME ABOUT YOUR WORK EXPERIENCE.**

I graduated with a Ph.D. in Chemistry from the University of Pennsylvania. Since returning to Singapore, I have worked with two Singapore biotech startups as the pioneering employee on both occasions. My last position was operations manager at S\*Bio, Singapore's first fully integrated drug discovery venture.

### **WHAT MADE YOU DECIDE TO COME OUT ON YOUR OWN AND SET UP A BUSINESS?**

I started 1st Phase to do two things. Firstly, to help more biotech companies initiate a smooth startup operation so that they can focus on their R&D. The operating environment in Singapore can be quite different from that in the States or in Europe. I save the companies precious time by helping them navigate through the various operational matters that need to be addressed before they can start their research program.

Secondly, I want to build up my experience quickly. With 1st Phase I will be able to work on a greater variety of projects, therefore allowing me to develop both the breadth and depth of my expertise and knowledge of the life sciences industry. Working on my own will provide me with more opportunities and also allow me to build up a strong business foundation that will come in handy for my future career goal.

I think the timing is now or never. I want 1st Phase to leverage on this initial wave of the biomedical sciences development in Singapore and perhaps become a regional player in the not too distant future.

### **HOW DID YOU SEE THE OPPORTUNITY?**

While working at S\*Bio, I was approached on quite a few occasions by biotech companies seeking advice on how to establish their operations in Singapore. When these companies arrived in Asia, they were usually in a state of 'culture shock'. It was then that I realised that there was a vacuum in the industry. The

Asian biotech industry is growing rapidly, but there are not many people in the industry that are familiar with the operating environment here.

In Singapore, the government has committed itself to develop the biomedical sciences industry and we are beginning to see some of the fruits, in terms of the influx of foreign biomedical sciences investments. I am confident that this sector will take off and I want to position 1st Phase to support this growing industry. 1st Phase helps companies in a variety of ways including company registration, setting up of basic admin functions, and application of government grants. We also help companies in the planning and design of the laboratory facility, sourcing of lab fit-out contractors and equipment vendors, biological and chemical safety planning as well as ensuring the facility complies with various regulations.

My vision is for 1st Phase to become a one-stop shop that services biotech companies that are interested in establishing or expanding their operations in Singapore and Asia.

### **HOW DO YOU PROVIDE THE BROAD RANGE OF SERVICES THROUGH A ONE-MAN OPERATION?**

The unique strength of 1st Phase lies in its project management capability and its team of partners. Through my work with previous employers, I have built up a sizeable business network that I am able to tap on. These include lawyers, HR consultants, finance and tax consultants, PR consultants, architects, interior designers, engineers, and lab accreditation consultants. We work closely with 1st Phase acting as the single point of contact. Therefore, although 1st Phase is currently a one-man operation, it is able to provide its clients with a seamless solution through these strategic partnerships.

### **WHAT IS THE MAJOR CHALLENGE THAT YOU HAVE AT THE MOMENT?**

1st Phase is a newly established company and therefore my priority at the moment is to build up a strong pipeline of projects.

The September 11 event has negatively affected the sentiments of the biotech investments in this region. I know of quite a few projects in the region that have been delayed due to it. This of course, makes business development a more challenging task.

One thing that I have been doing to overcome this problem is to regionalise and work on projects outside Singapore. I am already looking at potential projects in countries like Malaysia, Taiwan and China.

### **WHAT WAS MOST CHALLENGING FOR YOU DURING START UP?**

Having been an employee for the most part of my career, going out on my own was not easy. The main obstacle was psychological. I had to overcome the fear of uncertainty and learn to manage risk.

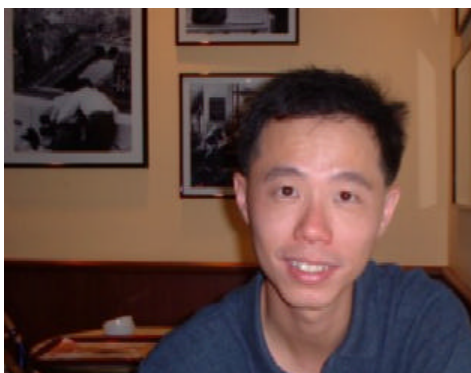
At the end of the day, the 'pragmatic me' took over and I could see that the potential upside of starting 1st Phase outweighed the cost and risks. I also took steps to minimise the risk by doing all my 'homework' and the necessary

preparations. I cannot over-emphasize the need for proper planning -- know your business well, know yourself better!

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

I really enjoy what I do – helping companies design and set up their operations. Through 1st Phase, I am able to help not just one company but many others. This makes the 'job' interesting because the needs and requirements of each company vary and I have to be on my toes at all time to come up with the best solution for each client. Furthermore, working with multiple companies gives me the opportunity to constantly learn and improve on existing processes.

In a nutshell, I think this venture is worthwhile because of my passion for the work, the constant challenges that keep it interesting, and the potential financial upside of course! <laughs>



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### **FEATURE INTERVIEW: A SECOND CHANCE**

INTERVIEWEES: JOEL LOO AND EVELYN CHEW

Began: late 1999 with 5 employees, now 8 employees  
Initial Investment: approx. S\$3,000,000 from founders and VCs  
2002 Turnover: approx. S\$700,000  
Business Area: IT solutions  
URL: [www.commontown.com](http://www.commontown.com)

### **WHAT DOES COMMONTOWN DO?**

When we first started CommonTown, we were in the business of creating and growing online communities around specific interest groups. Since the dot-com crash, it has evolved. Today, we create Internet-based tools and applications that enable companies to manage and deliver electronic information efficiently. Our strength currently lies in helping clients build robust, effective and future-proof

Internet-based systems that include Information Portals, E Learning Platforms, Intranets, and E-Community Portals.

### **WHAT MADE YOU DECIDE TO COME OUT ON YOUR OWN AND SET UP A BUSINESS?**

Both Evelyn and I were techies from the Kent Ridge Digital Labs (now known as the Institute for Infocomm Research) in Singapore. We were essentially researchers who saw an opportunity to commercialize the technologies that we were working on.

At that time, the decision to take a calculated risk and start our company was not a difficult one. There was a lot of hype and buzz about the 'new economy' and how the dot-coms would 'take over the world'. We saw an opportunity to catch the dot-com bandwagon, to build a tremendously successful company, and to retire early! <laughs>

### **HOW DID THE IDEA COME ABOUT?**

Back in 1998, a project that I was working on involved creating an online virtual world. The idea was to create a land in cyberspace where Internet users from all over the world can interact with each other.

At that time, we were aware of a company in the US that specialised in creating online communities. It was listed on NASDAQ and was doing very well. We were confident that our community creation tools were superior and were keen to use them to help set up online communities that were relevant to Singapore and the region. We figured that if we could successfully build up our stable of online communities, we could potentially sell the company and its user-base to interested buyers. Our role model was Hotmail, which was bought by Microsoft for over US\$400 million.

Seeing the tremendous upside, we budded off from KRDL and started CommonTown.

### **WHAT WAS CRITICAL WHEN YOU WERE STARTING UP?**

Although both Evelyn and I were experts in our technical fields, we were newbies when it came to starting a business. Business support was therefore a critical issue during startup. Luckily for us, we had a fair bit of help from the VCs that invested in CommonTown as well as a mentor who was very experienced in the IT industry. The advice from our mentor was invaluable during startup and the subsequent growth phase.

However, I did find some of business skills that I picked up during my university days, such as book keeping and basic accounting, very handy. This was especially true towards the period when we had to downsize the company and we had to do many of the administrative tasks ourselves.

### **WHAT WERE SOME CHALLENGES THAT YOU FACED AND HOW DID YOU OVER COME THEM?**

We had growing pains! The main reason was that we had quite a bit of money and was able scale up quite effortlessly. We tried to put in place an effective management system by hiring managers and even an experienced CEO. Unfortunately, we did so too rapidly. We started with 5 people in 1999, but headcount quickly went up to 35. We even had an office in Hong Kong! To make a long story short, with the rapid scale up, we burnt through our initial funds very quickly. And it did not help that the industry tanked soon after.

Towards the end of our \$3 million, cash flow became really tight. We had a fair a bit of liabilities but we were determined to pay them off. We took drastic measures to bring cash flow in line. We took back control of the company from the CEO and cut expenses. We had two downsizing exercise and also decreased the amount of lease space.

The ironical thing is that we did not really learn to make money until the dot-com crash. We became cash flow positive only after Jan 2002. In a way, CommonTown really started only after the \$3 million ran out.

### **IN HINDSIGHT, WHAT WOULD YOU DO DIFFERENTLY? ANY REGRETS?**

We probably would not have expanded so quickly and would have been more prudent with the cash. But then again, in hindsight, everything looks so clear!

We do not have regrets coming out on our own and starting CommonTown. In fact, the experience has so enriched our lives both professionally and personally, we cannot imagine how we can go back to working for someone else. Being on your own affords you the freedom and responsibilities that you can never experience as an employee!



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### **EXPERT TIPS: MARKETING TIPS FOR CONSULTANTS**

So you want to be a consultant. How do you get the word out? More importantly, how do you get the word out effectively and 'economically'? Some of

entrepreneurs/consultants that we have interviewed have shared some useful tips:

### Web Page

The cost of setting up and running a website has come down tremendously over the past few years. Today, running a simple website will cost you no more than US\$100 per year, which includes the cost of hosting and the upkeep of the domain name. Considering that the Internet has become a ubiquitous part of our lives, it is essential that your consulting business have its own website. Additional tips:

- Get your own unique domain name. Businesses should avoid using free hosting services and they should avoid having email suffixes like .hotmail.com or .yahoo.com.
- Submit your website to major search engines like google and metacrawler.
- Put up the resumes of principal consultants on the website.
- Put up the names of notable clients that you have worked with on the website (with their permission of course).

### Marketing Materials

Write a brochure for your business. They are handy during exhibitions and networking events, and they are useful to send to potential clients. You can have the brochure done up professionally or save some money with a bit of DIY. If money is tight, I recommend that you:

- Come up with a couple of drafts and have friends/colleagues provide some feedback.
- Engage a professional copywriter who is experienced in the field that you are in to do up the final copy.
- Do up the brochure using desktop publishing software.
- Get your friendly neighbourhood printers to churn out the final product.

### Newsgroups and Forums

Be active on the net. Visit newsgroups and forums that are relevant to your profession. Spend a certain amount of time posting authoritative answers to problems that other people are encountering. To make your time spent worthwhile, you should:

- Have a signature file at the end of all your postings, so that people (potential clients) will know how to contact you.
- Make your answers short and succinct.
- Always treat other newsgroup/forum users with respect.
- Avoid getting into online arguments with other newsgroup/forum users, especially if the issue relates to an opinion and not a fact.

### Case Studies

Turn your success stories into case studies. Write up some of the more interesting problems that you have encountered and describe how they were solved. Turn these into case studies and use them as articles on your website. You may also want to send them to editors of publications read by your target audience. However, do make sure that the client's identity is protected and in some cases, you may also want to obtain the client's permission before to publish the case studies.

### Word of Mouth

If you already have a good track record solving your clients' problems, go ahead and ask them to refer you to other people who may need your services. Besides helping you, they may also be doing those people a favour. Keep your friends and relatives informed about what you do. Your uncle or aunt may just know someone who needs your services.

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## **NUTS AND BOLTS: RECORD KEEPING FOR SMALL BUSINESSES: PART 1**

Most business owners know the importance of record keeping – it helps monitor the business' income and expenses, and therefore indirectly, the business' health. Furthermore, financial records are needed for tax purposes. Although key to the smooth running of businesses, many business owners still cringe at the thought of record keeping as it is perceived as a complex and tedious task.

The fact however, is that effective record keeping can be painless if done regularly. We shall attempt to describe a quick and simple record keeping system that you may adapt to your small business.

### What Records to Keep

You should keep all records including invoices, credit card receipts, deposit slips, vendor invoices, cash register receipts, etc. that will document:

- Sources of income for your business.
- Direct expenses which are costs directly related to the manufacturing of your product (e.g. materials) or to the provision of your services.
- Overhead expenses such as office supplies and rental.
- Assets. You should keep records documenting the property and equipment that you use in your business. This will support any depreciation claims on your tax return.

You should store these records neatly in clearly labelled files and envelopes for easy retrieval.

### The Book

A very simple bookkeeping system consists of making regular (daily/weekly/monthly) updates to a record book. This book can be a loose-leaf notebook or a computer spreadsheet. Key information to record will include DATE, TRANSACTION DETAILS, PARTY and AMOUNT (INCOME/EXPENSE). To illustrate, let us imagine that we run a small home-based arts & craft business. We will create a fictitious record for the first week of January.

As your orders come in, record the date, the nature of the transaction, the details of company or individual that is buying, and the amount. Similarly, when you incur expenses, the same information should be recorded. Therefore, the page might look like this:

DATE	TRANSACTION	PARTY	INCOME	EXPENSE
2/1/2003	Product sale Teddy Bear x 10	Company ABC (Ref# 1233)	\$1000	
5/1/2003	Office supplies	Company XYZ		\$200
5/1/2003	Product sale Straw Basket x 5	Mr Jones (Ref# 6671)	\$500	
6/1/2003	Brochure graphic design	Ms Lin		\$1000
TOTAL (Jan Wk1)			\$1500	\$1200
PROFIT/LOSS				\$300

The above columns can be replicated in the pages of a notebook or on a spreadsheet.

#### The Process

You should carry on recording the money you deposit, receive and spend with similar entries as described above on a regular basis. Some people like to gather all the records for the week and update it at the end of the week. Others do it on a daily basis. Whatever your preference may be, the important thing is to do it regularly and avoid having a backlog of updates. The more frequently you perform the recording process, the less painful it becomes.

At the end of each month, transfer the daily records to one of the cheap bookkeeping registers that your tax consultant or accountant can work from. They will not work from your record book, and is unlikely to transfer the information for you without charging you a bomb. In any case, you can easily do the transfer on the last day of each month and it will likely take just a couple of minutes.

As you can see, bookkeeping can be very simple. The important thing is to be disciplined in making frequent and regular updates.

#### To Be Continued

With the system in place, you should be able to answer key business questions including profitability, cash flow, and projected growth by reviewing the records and doing some simple math. In the next article, we will show you how.

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## **CONTACT AND SUBMISSION**

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Marvin Ng, Editor

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