

CEC

MAGAZINE

INSPIRING THE BUSINESS WORLD

LAUNCHING GREAT LEADERS

How to manage middle managers better

INVEST

IS IT TIME TO
RETHINK THE
BONUS SYSTEM?

INNOVATE

HIGHER POWER

Could the humble battery solve our planet's energy problem?

BEATING BURNOUT

Why it pays to invest in you

The IoT
Hype or revolution?

HOW TO SURVIVE
A MANAGEMENT
BUYOUT

Finding BALANCE

David Jacob, CEO of Marsh Asia, explains why health is wealth



SAUVAGE

Dior

A landscape photograph featuring a dark, rocky foreground in the lower third, a golden-brown dune in the middle ground, and a range of blue mountains in the background under a clear sky. The word "Dior" is superimposed in the center in a black serif font.

Dior



RIVERSIDE DINING HEAVEN

Dining at Shangri-La Hotel, Bangkok, is an amazing adventure with its collection of distinctively designed restaurants.

Quintessential Thai cuisine at Salathip; the casual-chic vibe at Volti, an Italian restaurant; elevated Cantonese delicacies at Shang Palace; vibrant all-day dining at NEXT2 Café; and the hotel's very own riverboat offering dinner cruises and charters.

Choose the place your heart desires and let the culinary journey begin.



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Welcome to the new issue of *The CEO Magazine*. This month we have lots of fascinating features that I hope will inspire you to innovate, invest and indulge.

First up is our story *Launching Great Leaders* (page 12). We look at the many reasons why it's so important for you, as a CEO, to know there are solid leadership skills in the next tier down. From succession planning to employee engagement, it certainly pays to build a supportive team around you.

What could be costing you money in more ways than one? Targets and bonus programs, says Domini Stuart. In *Fudging The Figures* (page 122), she suggests that the pressure to meet targets can drive middle managers to tweak the numbers. As a result, she asks the question: could your decisions be based on false information?

In *Recharge Your Batteries* (page 106), Sam McKeith says a new energy storage solution is on the way, with batteries set to play a major role in satisfying rapidly emerging global demand for



sustainable power. And in *IoT: Hype or Revolution?* (page 72), we reveal how the Internet of Things is set to transform the way companies across the world do business.

We take a look at Lamborghini's new SUV, a ride on a Harley-Davidson Street Bob, and a trip to Indonesia's newest luxury eco resort Bawah Island, all of which have inspired us to take some time out and indulge a little – we hope they inspire you too.

Enjoy the issue, see you next month.

Susan


Susan Armstrong
Editor-in-Chief



From on paper to in production

It takes millions of parts to build a \$300 million airplane. Multiply that by multiple years' worth of orders for new planes, and you'll know why leaders in aerospace trust our guidance to ensure they take off on time. What can Avnet's technical and logistical know-how do for your products?

Find out at [avnet.com/apac](https://www.avnet.com/apac)

A young man with short, light brown hair is shown from the chest up. He is wearing a white dress shirt and a brown patterned tie. He is looking upwards and to the right with a thoughtful expression. His hands are visible, adjusting the front of his white shirt. The background is a bright, warm, out-of-focus light, possibly a window or a bright outdoor setting. The overall tone is professional and aspirational.

BUILD A SUPPORTIVE
TEAM AROUND YOU
AND YOU'LL REAP THE
BENEFITS AS CEO.

-LAUNCHING GREAT LEADERS, P12

INSPIRE



US SCIENTISTS flock to France

When Trump announced that the US was pulling out of the Paris Agreement, French President Macron ‘did a Donald’ and hit social media, calling on any US scientists concerned about the political climate as well as global warming to come to France and “Make our planet great again.” Two years on, he’s made good on his offer, announcing that 13 US laureates, of the hundreds who applied, have received research grants and support. “For me, the chance to work on some exciting science questions with my French colleagues and not be so dependent on the crazy stuff that goes on in Congress and with the current administration is honestly very attractive,” Louis Derry, a leading professor of Earth and Atmospheric Sciences at Cornell University, said in an interview. “But it can be embarrassing to try and explain what is going on at home right now.”



Isle be back

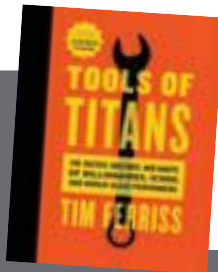
Continuing its hotel empire-building mission, Italian house of high-end accessories Bulgari has opened its latest venture. Spanning 158,000 square metres on a seahorse-shaped island off the city of Dubai, the resort comprises 101 rooms and suites, as well as 20 oceanfront luxury villas with a private pool and tropical garden. A 300-metre bridge connects the resort to the mainland, but guests will feel a million miles from the hustle and bustle. Rooms start from AED 3,500 (US\$950) per night for a Superior room, villas POA. bulgarihotels.com



“STRENGTH DOES NOT COME FROM WINNING. YOUR STRUGGLES DEVELOP YOUR STRENGTHS. WHEN YOU GO THROUGH HARDSHIPS AND DECIDE NOT TO SURRENDER, THAT IS STRENGTH.” – ARNOLD SCHWARZENEGGER



READ ALL ABOUT IT



TOOLS OF TITANS *The Tactics, Routines, and Habits of Billionaires, Icons, and World-Class Performers* by Timothy Ferriss.

Through his podcast, *The Tim Ferriss Show*, Tim has conducted in-depth interviews with some of the most powerful and successful people on the planet. To save hours of listening, he has distilled the best advice he heard and turned it into this book.

“Everything within these pages has been vetted, explored, and applied to my own life in one fashion or another. I’ve used dozens of the tactics and philosophies in high-stakes negotiations, high-risk environments, or large business dealings. The lessons have made me millions of dollars and saved me years of wasted effort and frustration,” he says.

“I created this book, my ultimate notebook of high-leverage tools, for myself. It’s changed my life, and I hope the same for you.”



Ask NASA

CREATE A HIGH-PERFORMING TEAM WITH TIPS FROM *MISSION CONTROL MANAGEMENT* AUTHOR AND FORMER DIRECTOR OF MISSION OPERATIONS FOR NASA'S HUMAN SPACEFLIGHT, PAUL SEAN HILL.

How does managing a business compare with rocket science and flying in space? No-one wants to fail, whether that means blowing up a rocket or bankrupting a company. Mistakes that lead to failure are not typically caused by rocket science errors, but by management and team behaviours that get in the way of better-informed and more-deliberate risk-taking and decision making.

What is the key to Mission Control that corrects those behaviours?

A high-trust team environment that is characterised by transparency, deliberate alignment with the team's core purpose, and team engagement in every decision.

How can other leaders leverage this to enhance their team performance?

1. Create a high-trust, value-based team environment:
 - Align the team to a common purpose and prioritise strategies and decisions on how well they contribute to team success.
 - Practise full transparency in all discussions and decision making.
 - Expect team members to engage on every subject.

2. "Train the way you fly. Fly the way you train."
 - Say what you mean: there can be no unmentionable or undiscussable concerns. Rely on the alignment to purpose and values to get through.
 - Do what you say: Take deliberate action based on the conclusions reached in this high-trust team.

Reinforce the high-trust environment as a team:

3.
 - Discuss the need for transparency, value alignment and engagement.
 - Assess individual and team behaviour and management practices to align with these values.
 - Explore new ideas and remain open to behaviour changes that enhance this high-trust environment.

Leafy relief

Every office should have a few pot plants.

They remove toxic pollutants such as formaldehyde (wooden floors and furniture), carbon monoxide (traffic) and xylene (marker pens) from the air, and increase feelings of calm and wellbeing. Choose one of these hardy, low-maintenance types and you'll ensure they stick around for longer.

1. *Aspidistra elatior* – cast-iron plant
2. *Ficus elastica* – rubber plant
3. *Chlorophytum comosum* – spider plant



US\$2.86
billion

THE AMOUNT WARREN
BUFFETT GAVE AWAY IN
2017.

A person in a white shirt is seen from the side, looking out over a city skyline at sunset. The sky is a mix of orange, yellow, and blue. The person's arm is resting on a ledge.

LAUNCHING GREAT LEADERS

CREATING A LEGACY OF STRONG FUTURE LEADERS CAN BOOST A CEO'S CAREER. HERE'S HOW TO BUILD A SUPPORTIVE TEAM.

WORDS • DOMINI STUART

Barely a year after joining Indian multinational HCL as Head of Sales, Brian Pereira was appointed CEO of the Australia/New Zealand region.

“My training for the role included a three-month Advanced Management Program at Harvard Business School, where I studied with 120 future CEOs from around the world,” he says. “This was a turning point for me. I realised I could be a good CEO – and also that there was a world of opportunity for me to explore as an entrepreneur.”

Later, he sponsored all five members of his own executive team to do the same Harvard course. And, today, as ‘Chief Reign Maker’ and co-founder of technology consultancy Digital Reign, he remains committed to helping senior managers develop their leadership skills.

“I believe that a combination of formal education, good mentoring and the opportunity to grow can spawn people with the desire and capability to be excellent leaders, both within and outside the organisation,” he says. »



“HAVING MORE HEADS AROUND A PROBLEM MAKES IT EASIER TO SOLVE, PARTICULARLY WHEN EVERYONE CAN THINK ABOUT IT FROM BOTH STRATEGIC AND FINANCIAL STANDPOINTS.”

– TESSA COURT, CEO, INTELLIGENCEBANK

A LEADERSHIP SAFETY NET

It can be very reassuring for a CEO to know there are solid leadership skills in the next tier down.

“There are all kinds of reasons why you might have to step away from the job for a while,” says Helen Connealy, Leadership Hub Chair of the NonProfit Alliance (NPA) and an experienced CEO. “You don’t want to see your plans go awry because no-one else is capable of implementing them in your absence. You need a team you can rely on and, if you constantly build good people internally, that will happen naturally.”

Over the longer term, it can also lay the foundation for a smooth succession.

“Our American research found that, in the four years to 2015, 74 per cent of the new CEOs appointed to S&P 500 companies were promoted from within – an increase from 63 per cent during the 2004–07 period,” says Kevin Jurd, who leads Spencer Stuart’s Board Practice for Australasia and is actively involved in the firm’s CEO search and succession planning initiatives. “Ninety-one per cent of these had no prior CEO experience. It takes time to develop internal talent, particularly if this involves gaining experience in different roles, and CEOs also need to be confident that the organisation is developing succession-ready executives for all senior positions. That means they should be looking well ahead.”

In the meantime, professional development can help keep the best people in your business.

“Greater focus on quality leadership and ongoing professional development is crucial to improving employee engagement and retention,” says Matthew Cavalier, Managing Director of the Australian Institute of Management (AIM).

ENABLING BETTER DECISION MAKING

Not all executives have the capacity, or the desire, to run a company. But, whatever their individual ambitions, a capable team will support the CEO so that you can do a better job.

“Having more heads around a problem makes it easier to solve, particularly when everyone can think about it from both strategic and financial standpoints,” says Tessa Court, CEO of IntelligenceBank, a business process-management software company.

Open and honest communication generates the greatest value within a business.

“Simply asking the question: ‘What’s your thinking behind that?’ can have an enormous impact,” says Simon Smith, CEO and owner of Southern Cross Coaching & Development. “Well-informed executives who also understand the CEO’s leadership style are much better equipped to make sound decisions with minimal guidance.”

NPA’s Connealy rates emotional intelligence and empathy high up the list of essential leadership skills.

“It’s a pity they’re so often overlooked,” she says. “Emotionally intelligent leaders are more likely to work collaboratively. They can recognise and manage their own emotions at times of stress so they’re less likely to act impulsively, and they’re also better able to deal with emotionally charged situations. Not-for-profit (NFP) organisations are often accused of leading from the heart rather than the mind but I see that as a strength rather than a weakness. I think that organisations inside and outside the NFP sector should work constantly to help our leaders develop these abilities.”

A TAILORED APPROACH

As the founder of a start-up technology company, Court was thrown into leadership at the deep end.

“When you’re creating the product and business model and running the business all at the same time there are some best practices to follow, but it’s more about figuring it out yourself,” she says. “That’s probably why, while I know training is good to have, I find actual operational experience more useful. I like to give senior managers the opportunity to take charge of and implement large strategic projects, and I also make sure they’re involved in investor relations and financing discussions.”

CEOs should know each executive well enough to provide tailored training, appropriate opportunities and relevant support. Whether the learning is in the classroom or on the job, it should take account of their individual strengths and weaknesses.

“To avoid any possible bias, some companies opt to bring in an outside expert to establish appropriate, personalised plans of action,” says Jurd.

AIM, which has been committed to developing leaders since 1941, now offers a suite of learning solutions including short courses, vocational qualifications and tailored corporate and public sector learning solutions accessible to global professionals. More than 75 short courses are available, with online and custom options.

“Popular leadership courses for CEOs as well as their C-suite cohort include Strategic Leadership, Leading with Emotional Intelligence, and Change Management,” says Cavalier.

The NPA builds leadership through collaborative peer-to-peer support.

“We provide a forum structure where executives can discuss their issues and concerns with non-competing peers in a totally honest and open way,” says Connealy. “We work only with people in the NFP sector but there are similar models for executives in commercial organisations.”

Smith’s leadership coaches begin by helping both the CEO and the executive to define the required outcomes and how success will be measured.

“We can then develop practical ways of building well-rounded leadership skills,” he says.

Whatever the approach, it seems that developing great leaders for the future is one of the most powerful things you can do as a CEO to support the business and your own career. ■





Finding

BALANCE

There aren't many people who lead a global firm and DJ in their spare time. For David Jacob, a 27-year Marsh stalwart, both continue to create the perfect work-life balance.

WORDS ADRIAN FLORES • IMAGES YEW KWANG

Ever since he began his career at insurance giant Marsh in New York 27 years ago, David Jacob has made DJing his outlet of choice in his spare time. Asked about his favourite musical genre, the Marsh Asia CEO says he gravitates towards house, but has also branched out into techno and tech house over the years. "I'll DJ any chance I get," he says. "Obviously it's a little less now that I have three children, but it's fun and breaks the everyday rigour of being an insurance CEO."

The rigour David describes comes from Marsh's flawless execution of a consistent strategy in an industry that has significantly evolved over many years. Risk is now front and centre of any boardroom discussion, and risk management is more sophisticated and embedded in company culture. David thinks this is due to innovation and technology having come a long way, with data-driven insight now a core component of decision making.

One of the newer risks dominating a lot of discussions in the insurance world is cyber risk, with more traditional brick-and-mortar companies beginning to move into that space. "Companies are now wanting to improve their distribution models and becoming digital-ready," says David. "With that, there is an associated risk of cyber that companies have never really factored." »

Helping Marsh's success along is the continued abundance of market capacity, with new forms of alternative capital beginning to emerge in the insurance space. "It's always evolving. There's always opportunity for expansion, but with expansion there's also been a lot of consolidation, which I think is great for the industry. It means you know you're dealing with the right players and those that really have the stamina to sustain their market footprint," David explains.

"Pretty much all 13 countries Marsh covers in Asia are aligned to a client segmentation model with data-driven industry analytics. That's the cornerstone of our client proposition."

Marsh's client-centric business model is something David cites as "one of the hallmarks of our success", and owes much of it to its leadership. Around 80 per cent of its core strategies are country-agnostic, he says, while the remaining 20 per cent allows for cultural differences between the nations.

Another area where the insurance broker is head and shoulders above the competition is its heavy focus on its sales function. "This has really seen us outpace our competitors in terms of organic growth," says David. "We've got the largest dedicated sales force among our broker competitors in the region, with a very consistent sales structure in place in all countries. That's really been the cornerstone of how we continue to drive organic growth."

David has spent a very long tenure at one company during a time when staying put for more than two or three years was practically unheard of, let alone 27. A big factor in why that has been possible is the excellent career opportunities that Marsh has afforded him over the years, as well as the ability to create a sustainable work-life balance, he says. While he'd "like to see more stability and consistency" in the workforce, David says it's not necessarily a bad thing to move to different companies when the right opportunities arise.

"It doesn't matter where you're at in your career, ultimately you have to be happy," he continues. "Also, there really is no substitute for hard work and accountability." Over the



years, David believes there have been too many times where he has seen people in the business who are simply insincere and don't come out as genuine, in terms of what they're doing. "Sincerity is the one thing I've always thought defines someone's character.

"Sincerity is the one thing I've always thought defines someone's character. Part of that has to do with whether you're absolutely passionate about your work."

Part of that has to do with whether you're absolutely passionate about your work."

Equally passionate in leisure as in work, David is also a big believer in the whole 'health is wealth' slogan. As well as DJing, he has been doing CrossFit for a number of years in his spare time. "It's really helped me both mentally and physically cope with the pressures at work," he explains.

Even after 27 years as a one-company man, it's still crucial he continues having that all-important work-life balance. "When you're always on the go and it's non-stop with travel, you still need to make sure that your body and your mind can keep up with that kind of regimen." ■



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“Open door is OPEN MINDED.”

Francis Koh shares how his company’s focus on promoting healthy lifestyles has set its real estate developments apart.

WORDS **DANIEL HERBORN** • IMAGES **RAPHAEL OLIVIER**

Some of Francis Koh’s earliest memories revolve around construction, like sharing a simple meal of chicken and rice with construction workers from his father’s company, and wishing he was old enough to join his father as he went down a drainage system to inspect work on one of the company’s project.

“From there, I developed a strong interest in construction,” Francis recalls. “It was something I could see and touch. It wasn’t something abstract, like electronics.” This early affinity for building meant he was a natural for the real estate and construction business his father founded more than half a century ago, and that now thrives under his leadership as Managing Director and Group CEO. »

Francis says creativity is paramount for Koh Brothers Group and a means of competing against larger rivals. “We can’t be the biggest developer in Singapore, or even among the top three, but we can be perceived as a leading developer in a niche market. We want people to think of us when they buy a home. The lifestyle concept and the quality are important to us and this is what we can offer.”

Koh Brothers may not be the nation’s biggest developer, but it has taken on and successfully completed some truly ambitious projects, both in the luxury real estate space and in infrastructure construction. Examples of its ability to develop architecturally stunning residential spaces include Lumos, which comprises twin, 36-storey towers connected by a spectacular column of crystal glass ‘living pods’ and lush sky gardens. The apartments include a range of innovative, upscale touches such as crystal-studded bathroom walls, Italian-designed ‘Rainbow showers’, a penthouse pool with sweeping

“We want to encourage healthy lifestyles, because health is wealth.”

views and regenerative hydro baths. Another development, Starville, features an astral sculpture as a centerpiece and even a state-of-the-art stargazing observatory for the residents. Francis says the company’s emphasis on creating spaces that encourage wellness and a healthy lifestyle sets it apart. He says Koh Brothers’ developments offer a complete lifestyle package, often incorporating facilities such as gyms, swimming and splash pools, and tennis courts. The Parc Olympia condominium, for instance, facilitates an active, multi-sport lifestyle for its residents, including recreational rock climbing walls, basketball and indoor and air-conditioned badminton courts, a putting green and a skate park. It is Singapore’s first sports-themed condominium that marries adrenaline action with resort-style facilities to inspire and nurture future Olympians.

The sporting facilities are completed with an attention to detail that extends to the synthetic material used for the jogging track. “Jogging on hard ground is bad for the knees, so we created a track with soft ground,” Francis explains.



Made to measure, the EC200D crawler excavator delivers simple and efficient performance, so you can lift and load for less. Thanks to the fuel-efficient Volvo D5 engine, advanced hydraulic system and improved controllability, you can count on the EC200D to deliver a smooth and efficient operation – all from the comfort of the industry-leading Volvo cab.

www.volvoce.com

VOLVO EC200D

Volvo Construction Equipment



Other developments have included outdoor gym equipment, bypassing a Singaporean rule that does not allow children in indoor gyms.

“We want to encourage healthy lifestyles, because health is wealth,” Francis continues. “We’ve provided a biking track on our new property, Westwood Residences – the first-ever outdoor mini-velodrome in Singapore. We have created facilities like a BMX adventure park for residents to try stunts using their mountain bikes. Some developments even include facilities to help children learn road rules and the Singaporean highway code.

“In terms of real estate projects, we are the ones who come up with distinctive lifestyle ideas. When people think of cycling parks in real estate developments, they think of Koh Brothers. This is something we like to promote.”

This approach has won Francis recognition; he was named Singapore’s Real Estate Personality of the Year at the 2016 South East Asia Property Awards, with the

judges impressed by his ability to design distinctive spaces, flair for doing new things and ability to turn around profitable projects in a generally sluggish real estate market.

Often, the developments combine a decadent approach with a real focus on fitness. This can be seen in the Lincoln Suites complex, where residents are able to exercise in a tree-lined, 50-metre, lap pool, or hit the treadmill and practise yoga in a stunning ‘sky gymnasium’ – a glass atrium linking the towers.

The company is also introducing the use of prefabricated, pre-finished volumetric construction (PPVC). “It’s a newer construction method, where a whole house is built in boxes, and these boxes are assembled and finished at the site,” Francis says, adding that it’s a way of driving efficiency gains and also improving the safety of a construction project. “When you have fewer people at the work site, you have fewer chances of an accident. It’s also better for the environment.

“I’m trying to make our subsidiary Koh Brothers Eco Engineering Limited a management-owned company, because construction is very much a people-oriented business. We need to let the talent have ownership of the company. This concept is not new in other countries, but it’s very new in Singapore. My target is to make this »



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company management-owned within 10 to 15 years, with hopefully one-third owned by management, one-third by the public and one-third by Koh Brothers.”

Another aspect of the company is its expertise in major infrastructure projects, particularly regarding flood control and water drainage. As a low-lying country with heavy rainfall, Singapore can be prone to floods, and there is a constant need for infrastructure that can channel water and mitigate flood damage. Koh Brothers has expertise in this space, having won contracts for work such as the Bukit Timah Canal, a S\$99 million infrastructure project that alleviates the impact of flooding.

It also constructed the Changi Water Reclamation Plant, a cutting-edge facility for treating and recycling water. Opened by Singapore’s Prime Minister, the plant handles up to 176 million gallons of water a day and rates as one of the highest-volume water treatment facilities of its type in the world. It was also an innovative project, pioneering the stacking of treatment technology to save space.


The group’s most high-profile water project, however, is the Marina Barrage,

a freshwater reservoir that draws water from a dam built across the 350-metre-wide Marina Channel. Four years in construction, it covers an area of 10,000 hectares, of the nation’s total of 72,000 hectares, and supplies a large proportion of the country’s desalinated water. The barrage construction involved a system of drainage pumps to displace 280 cubic metres of water passing through each second. This system mitigates flooding in highly populated but low-lying areas such as Geylang, Jalan Besar and Chinatown. “There were a lot of challenges involved in that project,” Francis says. “However, we handled all the challenges well and learned from them. We established ourselves as a local company that can undertake this kind of task.”

The project was given the Superior Achievement Award at the American Academy of Environmental Engineers and Scientists Annual Awards. It was only the second project outside the US to claim the award in a decade. Tying in with Koh Brothers’ interest in promoting healthy lifestyles, the barrage has also created opportunities for kayaking and boating on the now calm waters.

Francis is a leader who values creativity and innovation, and he has a few tricks up his sleeve to get the creative ideas flowing among his staff. “Normally, we use brainstorming in terms of strategy and new methods of construction. We also use it to consider risk management. A lot of technology is now used widely across the world, not just in Singapore, so it is important that we stay up to date on new methods of construction that we can use here.





He operates with a strict open-door policy. “Open door is open minded, and having an open-minded approach is important in this industry,” he says. “We need to accept new ideas and new knowledge, and try different things, to stay at the forefront of construction and real estate development.”

Francis adds that a mindset of continuous improvement is also vital in an industry where change is a constant. “The technology of construction keeps evolving,” he notes. “We are always using different kinds of machines and methods of construction. We always try to move ahead so construction can be an easier and safer process, while also saving on cost. That’s the most important part, because if we can find savings, it allows us to be more efficient and to take on more complex projects.”

The group’s construction arm is undertaking its most lucrative contract to date, a S\$1.12 billion agreement to develop three runways for Changi Airport. He says there could be further work in this field. “Some airports are expanding while others are improving their runways, and yet others are improving their connectivity and facilities to get ready for further growth. The potential is huge. I think there will be a lot of work around airports.”

Having shown an ability to pull off both ambitious luxury developments and complex, large-scale infrastructure projects within Singapore, Koh Brothers will increasingly look outside national borders for work. In particular, Francis believes there may be opportunities for Koh Brothers to leverage its experience in infrastructure projects into work arising from the ‘One Belt, One Road’ initiative, a Chinese economic and development strategy of unprecedented scale to promote greater connectivity and cooperation between Eurasian countries.

“One thing I think is very promising is our improved connectivity with Asia,” Francis says. “I have no doubt the whole working environment in Asia will be positive.” The company has invested in property in South Korea and Malaysia and is examining property development opportunities there and in other countries across the region.

Francis expects some challenges around staffing in coming years. “The government quotas on foreign labour will probably be reduced, so we will probably look for new methods with less reliance on foreign workers.” There are also likely to be more rigorous safety standards put in place as well as fluctuations in the price of construction materials, though the company is well placed to overcome these obstacles.

Overall, Francis sees a wealth of opportunities for the company to continue broadening its expertise and growing its reputation.

“For real estate, the market is hot right now. However, costs and prices are going up, so it’s a challenge for real estate developers to get projects to be profitable. The private residence market will likely pick up, though, so I think the market for both residential building and infrastructure will be stronger in the coming years.” ■

“Having an open-minded approach is important in this industry. We need to accept new ideas and new knowledge.”



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“We don’t MIND competition.”

Managing a major conglomerate of quick service restaurants, Jean Paul Manuud preaches the value of emotional intelligence and welcoming staff.

WORDS DANIEL HERBORN • IMAGES JASPER SALCEDA

Jean Paul Manuud’s experience in the quick service restaurant (QSR) industry dates back to college, when he had a part-time job working in Shakey’s, a popular pizza and pasta franchise across the Philippines. Initially drawn to the restaurant by the job security it offered, he ended up staying there for several years in different capacities. “I spent a fair piece of my working life at Shakey’s,” he recalls.

An even greater part of his career has been spent at The Bistro Group, where he has now worked for 21 years. The group manages 17 franchise restaurants in the Philippines, each an international QSR brand with a focus on tasty, unpretentious food, a casual, welcoming atmosphere and warm, caring service.

Jean Paul joined in 1997 as a management trainee and has progressed through posts as manager, general manager,

director of operations and finally vice-president for operations. In 2012, he was appointed to his current role as President and COO of the Group, which now has dozens of franchises and sub-franchises across the island nation.

Many of the group’s restaurants offer a quintessentially American heartland vibe, like TGI Fridays, Texas Roadhouse and Buffalo Wild Wings. Other restaurants in the group make a homey atmosphere their prime selling point. For example, Modern Shanghai aims to bring the kind of cooking rarely found outside Chinese family homes to a mass audience.

As Jean Paul tells it, there is a fine balance between capturing what made the franchises so broadly appealing in the first place and ensuring their product lines work for The Bistro Group’s largely local customer base. Changing menus that are often beloved, iconic and strictly regulated requires clear communication between The Bistro Group »



and the various restaurant parent companies. “Before we introduce any item, we make it clear to the franchisors that we have to tweak the recipe with them. We let them know that we need to make this change to compete in the local market.”

These changes may include adding spices, adjusting the salt or sugar content and introducing local ingredients. Such alterations are important, but are not implemented broadly across the menu. Similarly, Jean Paul says new or localised additions never comprise more than 20 per cent of a restaurant’s menu. “That’s the number we work on. With everything we do here in Manila, we have an eye on that number.”

Fine-tuning the menus ties in with another important element of the Group’s business model, which is its strong customer focus. It employs a network of mystery shoppers to visit each restaurant regularly to ensure the franchisees are maintaining high standards covering food, speed and friendliness of service. The Group also ensures

customers have visual reminders that they are open to comment through its real-time feedback system, where customer complaints go all the way to the company’s marketing manager, vice-president and Jean Paul himself.

Internal auditors visit each restaurant at least once a month and report back on quality of service and food as well as the overall atmosphere of each location. The latter is vital; not only does each franchise need to consistently serve good comfort food, they need to warmly welcome each visitor.

Tasks such as welcoming visitors do not just fall to junior staff, as management and executive level staff are expected to be visible and highly energetic. The Bistro Group maintains a culture where everybody is asked to pitch in and no staff is allowed to eat

“Ennobling and rewarding. These words aptly describe working with The Bistro Group. Challenges attending every single business with them are welcome opportunities to grow more, if not excel. Getting past each transactional hump is worth celebrating for the learning that adds value to our organisation. Proud business partner, indeed. Kudos! – Sherwin Choi, President, ESV International Corporation

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during rush hour, while there are still customers who may need their attention.

Jean Paul has often stressed the importance of soft skills such as emotional intelligence for those working across the Group. “We feel that you have to possess this quality. It is much more important than intellectual intelligence in what we do. The nature of the job is that every day there will be customers coming into the restaurant in different moods. They may be happy, lonely or sad. We should be able to respond to them emotionally and make them feel connected.”

High levels of emotional intelligence may be indicated by a well-developed sense of empathy, self-awareness, motivation and self-control. Jean Paul says the company recruits with an eye to these qualities, and

“Business with The Bistro Group is a constant learning exercise. We are encouraged to conform with their international benchmarks which pushes us to upgrade our standards as well. It is a partnership that is mutually beneficial. I am happy to be part of the growth of both companies.” – Rey Co, Managing Director, Hightower

“Every day there will be customers coming into the restaurant in different moods... We should be able to respond to them emotionally.”

those who can display these characteristics have done well in The Bistro Group. “In Manila, I’ve seen a lot of our people progress in management. I’ve seen a lot of operational success and that comes from the people we have, who are very strong in terms of emotional intelligence.”

Staffing the restaurants with people who can easily establish rapport with customers is key to the group’s insistence that customers should be instantly made to feel at home. “The most important thing is the first impression. We are always finding ways to »



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“We have brands that are complementing one another, rather than directly competing.”

ensure that the brand experience as a whole – the people, the public experience and the atmosphere – is excellent. We like our customers to always be happy and smiling.”

On the company's part, Jean Paul believes it is important to provide recognition of good work, both in terms of positive feedback and financial incentives for strong performance. He believes that all staff should be treated as owners of the company and has put the 'ownership theory' into practice, meaning that any staff member is free to put forward their ideas, confident that they will be listened to.

While some competitors in the QSR space put marketing strategies at the centre of their business model, The Bistro Group has different priorities. “Our approach is not to spend much money on advertising,” Jean Paul notes. “In fact, only about one per cent of our total revenue is spent on marketing. Our main form of advertising is through the testimony and experience of our customers. New customers get to know us from the recommendations of our existing customers.”

Jean Paul says the Group has determined its clientele is almost entirely domestic and 75 per cent of patrons at its various franchises are repeat customers. Such patrons are golden for restaurant chains because they inevitably recommend the places they patronise to friends and family. “We find it's a more powerful and effective way of marketing,”

“Partnering with The Bistro Group enables us to stretch ourselves, and makes us realise that we can do more. Because our partner is constantly expanding and striving for excellence, we do too. We have both grown together through the years. It is a mutually rewarding relationship.” – Leni Go, Managing Director, Metro-Source Consolidators



Jean Paul says of word-of-mouth endorsements. “There was a time when we used to spend a lot of money on advertising, about eight per cent of our sales went to different modes of advertising. But we weren’t entirely sure that it worked.”

The Bistro Group intends to keep adding to its portfolio of restaurants, but it puts a lot of time and analysis into selecting these establishments. An acquisition can easily take two years to complete and must be done with a carefully formed strategy in place. “We have brands that are complementing one another, rather than directly competing. We want to ensure that we use these brands to leverage growth in our company. However, we are ready for expansion and are confident that our knowledge of this sector represents a significant competitive advantage.”

While there is an element of the unknown any time a new restaurant is brought on board, Jean Paul is satisfied the group can face any challenges. “We look forward to it. We don’t mind competition or anything that makes us try harder to create a better customer experience.” ■

BRINGING AN AMERICAN ICON TO THE PACIFIC

One of the most iconic QSR chains Jean Paul and colleagues have brought into the group is Denny’s, which began in California in the 50s and now has more than 1,700 outlets internationally. More than that, however, the 24-hour roadside diner has become part of the fabric of contemporary American culture.

Jean Paul told local media he didn’t want to bring a local knock-off, but the genuine item: “We’re bringing not just the feel, but 90 per cent of Denny’s menu here.” The Bistro Group staff trained for four months to perfect both the food preparation and service style.

The menu has a comfort food focus and includes coffee, steaks, ‘hand-smashed burgers’ and a ‘Grand Slamwich’ with pancakes, bacon, sausages and eggs among other hearty fare. There are also some Filipino dishes like Arroz Caldo (chicken rice porridge) and Bistek Tagalog (salt and pepper sirloin).

The group chose Bonifacio Global City, a bustling financial district in Manila, as its first Denny’s location. There are plans to open at least another nine outlets.

ENTERTAINMENT

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DIFFERENTLY

How Hong Kong's Lan Kwai Fong uses disruption to stay ahead in the entertainment industry.

WORDS SHARON MASIGE • IMAGES GARETH BROWN

Lan Kwai Fong (LKF) has been disrupting the entertainment industry ever since it was developed, according to its CEO Jonathan Zeman. As one of the most popular entertainment districts in Hong Kong, LKF is home to an array of lively restaurants, nightclubs and bars; a haven for those searching for the ultimate nightlife experience.

The company was founded by Jonathan's father Allan in 1983, beginning with its first restaurant called California. "In those days, Hong Kong was very colonial and very British," Jonathan explains. "When you went

out to a restaurant, you had to wear a suit and tie. My father was in the fashion business at the time so he never wore a tie. He wore a sports jacket and always had an open collar. He never wore socks and that was frowned upon in those days." California was the place Allan would bring his fashion industry customers to. "You'd have dinner there, and on weekends, the tables were cleared away and there'd be a DJ, a disco, and a bar," Jonathan shares. "That was the beginning of the disruption." »



Before following in his father's footsteps, Jonathan took up East Asian studies at the University of California, Los Angeles (UCLA), where he learned to speak Mandarin Chinese. After graduating in 1998, he returned to Hong Kong but it was during the Asian economic crisis. "There weren't many jobs available so I decided to join the family business," he recalls. Jonathan worked in various departments within the company, from IT – setting up its first email server back when email was uncommon in offices – to project management, where he handled the interiors for the new restaurants being built.

He then became COO when his father, who was then CEO and Chairman, decided to remain solely as Chairman. "I like to say I got my Bachelor's degree at UCLA, and I got my Master's from the University of Lan Kwai Fong," Jonathan says.

As the company continued to expand, it sought new ways to disrupt the industry. Jonathan and his team would travel overseas

"There's big disruption now in the media business, especially in China."

to learn about the latest concepts in dining and entertainment; bringing back new DJs and restaurants. This included London-based contemporary Korean restaurant Jinjuu, which was created by Korean-American celebrity chef Judy Joo. "It was the first time something like that had entered the market in Hong Kong and it has been extremely successful," Jonathan observes. Another club and restaurant was Cé La Vi, brought in from Singapore's luxury Marina Bay Sands Hotel.

LKF also harnessed food industry disrupters such as Uber Eats and Deliveroo into its operating model to adapt to shifting consumer habits. "Technology has become a part of everyone's life, including in business," Jonathan explains. "Before, there were only one or two food delivery services, but now there are six or seven. In the beginning, it was challenging to figure out how to use that technology because a lot of restaurants were not normally set up for it. But we figured out the right model and ended up working with a few of them at the same time."

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The disruption didn't stop there. The company recently revamped Hong Kong's California Tower by tearing down two buildings and turning it into one. The 27-storey tower is complete with restaurants and bars on 14 floors, hair salons, event spaces and even a high-end fitness gym. "It's our flagship property," Jonathan says. "Because we are also operators, we know what other operators are looking for compared with the typical landlord. We built high ceilings that go up to 5.6 metres; put balconies or terraces on every floor; created a rooftop bar; and added glass lifts so you can see the different restaurants as you go up and down, coming back to the one that looks interesting to you. All those things were new to Hong Kong. I think we definitely did a good job of disrupting the industry from a property development point of view and now we can see that it has been copied in various guises throughout the city."

One of Jonathan's role models is British architect Thomas Heatherwick, so it's no wonder LKF's properties constantly raise the design bar in Hong Kong. Heatherwick's breathtaking portfolio includes the 2012 London Olympic Games cauldron, The Silo Hotel in South Africa and the highly anticipated Hudson Yards art installation "Vessel" in New York. "The way he looks at things is totally different to how a normal architect would," Jonathan says. "He'll look at the folds of your suit and says, 'That's the inspiration for our next building'."

Another aspect of LKF is its movie-making operation – it has been producing films in Hollywood for more than 20 years. A major highlight in this area has been the launch of LKFtv, a new online media channel for short-form videos. "We see that there's big disruption now in the media business, especially in China," Jonathan says. "Everyone's cutting out cable TV and watching films and shows on their mobile

phones or iPads. And they're looking for short content as attention spans have decreased over the years." LKFtv showcases videos on music, entertainment, fashion and food, and is targeted at millennials. "Currently it's in Cantonese. Mandarin language programming is on the cards. And there is also potential to expand into other markets in the region," Jonathan adds.

Technology is a major focus for LKF which is why it has launched LKF Labs to come up with new, innovative solutions for its businesses. "Our artificial reality (AR) app came out for Halloween 2017, which was very well-received," Jonathan says. "And we have a big data system, where we take the different data sources in our group and synthesise that into a report used for business intelligence and better decision making."

Jonathan concludes that LKF's mission is to continue to grow and disrupt the entertainment space. "We're looking at opportunities in Thailand, Bali, as well as a few cities in mainland China," he reveals. With LKF's track record of innovation so far, one can only imagine what's next on the horizon for the company. ■

MAKING THE DREAM A REALITY

Lan Kwai Fong is on track with its development of the Dream Centre in Shanghai. A joint venture with China Media Capital and China Development Bank, the 460,000-square-metre project in the Xuhui District is set to become a major cultural centre for the city.

"The Dream Centre is right on the riverside," Jonathan explains. "We've got a nice long boardwalk that used to be an old cement factory that we have turned into performance spaces with Broadway-style theatres. It will have art galleries and LKF-style restaurants and bars. The rest of the site has retail and office towers for creative industries." The Dream Centre is set to open in early 2019.

"JLL has been lucky enough to have developed a partnership with Lan Kwai Fong over the past 25 years. Lan Kwai Fong is synonymous with first-class service delivery, and we're proud to have played a part in that." – William Lai, Head of Property Management Hong Kong, JLL



“Learn from the young.”

Luen Thai Holdings has a unique approach to getting its senior leaders up to speed with the latest trends.

WORDS SHARON MASIGE • IMAGES GARETH BROWN

With the high life expectancy rate in Hong Kong, Luen Thai Holdings CEO Raymond Tan devised a new way to get his senior leaders plugged into modern-day trends. The apparel and accessories business was co-founded by Raymond alongside his brother and their father in 1983 and has since expanded throughout Asia-Pacific, with manufacturing facilities in China, the Philippines, Cambodia, Vietnam and Indonesia.

Now in his mid-fifties, Raymond acknowledges the challenges presented by having an ageing leadership. “The industry and the whole world is changing,” he explains. “In the past, people started thinking about their retirement as they got closer to 60. This is no longer the case. Some companies say you have to bring in very young talent, forget about the past, destroy your old model and move forward. Others say ‘Let me hang on to the old model and see how long it can last.’ I tend to believe there are great values from both ends; the experience from the senior leaders and the energy and passion from the younger ones.”

What Raymond did was ask each of the company’s senior leaders to have a young mentor. “In the past, we always believed it was the more experienced ones who should mentor the younger ones. But I have two mentors and one of them is my son. I meet with him twice a month just to learn what’s happening in the world – he taught me how to play *Pokémon GO*,” Raymond laughs. “I need to make sure that our senior leaders know what’s happening in the world and to identify with this young talent. I ask our senior leaders to learn from the young »



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and I ask our young to learn from the older generation about what makes Luen Thai who we are today.”

Raymond knows that elevating the younger generation is a big gamble but his decision to prioritise this has worked well so far. “My youngest business unit head is only 35. He manages a US\$140 million business for me,” Raymond says. “When I promoted him last year I had a lot of questions about whether he could take on the responsibility but he’s doing a wonderful job.”

When it comes to leading his team, Raymond believes in transparency. “On my management board, I have eight business unit heads and a senior leader supporting the group,” he says. “I encourage everyone to share good and bad news and to support each other. In senior leadership, a certain amount of transparency and empowerment allows people to make good decisions. I have a basic policy for my leaders: three strikes and you’re out; don’t lie, don’t hide; and don’t give me half the facts.

“Knowledge is very important. When you have knowledge, you have good logic and you can make a good decision. Even if you make a bad decision, you and your team will be able to turn it around. Without transparency, many companies have a lot

of internal politics, which wastes a lot of people’s time. It’s an extremely simple concept and I am very proud that the last time I had to use my three-strikes policy was about 15 years ago.”

Raymond explains that restructuring Luen Thai Holdings into its current eight business units has been beneficial, as it has allowed the business to diversify. “We used to be a very centralised organisation when we had a US\$300-500 million top line,” he says. “I was the one who spearheaded breaking down the business so that we could better achieve our goals. Through that process, we also went into some mergers and acquisitions.

“For example, we are one of the very few companies out there that has two bag manufacturers. One makes fashion bags for brands like Coach, Tory Burch and Michael Kors, the other makes functional bags for brands like Samsonite and Targus. We also have the fashion division and the sweater division. I think the way we are structured makes us quite different from other players in the market.”

As CEO (and sometimes COO), Raymond prefers to spend half his time thinking about the future of the business. During this time, he allows his leadership team to take the reins. “We are not just one organisation – I have a business unit head, a president and a partner who treat the »

“Pacific Textiles is honoured to be one of Luen Thai’s strategic partners since 1997. It is one of the leading companies in the apparel industry and we are extremely proud to be part of their remarkable success and growth.”
– Tony Lau, Vice Chairman, Pacific Textiles

business as if it was their own. A partner can't run the day-to-day business. They have to plan for the following year and I have to think about years three to five. That's how we divide our roles in our organisation."

But for Raymond, it is not enough for his leadership team to simply enforce a new company plan. "We came up with a strategy we call 'sustainable shared success through reinvention'. With anything that we do right now, we ask ourselves: 'Is it going to be sustainable?', 'Are we able to share this asset with our five key partners – shareholders, customers, suppliers, our people and our community?'" he observes. "We are focused on quality, speed, flexibility and cost. This is what we take into consideration with every investment we make. We can no longer just have an investment proposal and say that this

is for a return on investment. We have to submit the proposal and ask: 'Is it going to improve the speed?' Not just the speed for manufacturing, but speed for the supply chain. Can we further improve the quality? Can we reduce the cost? Can we provide flexibility in terms of style change, or minimum order quantity?"

Raymond believes that with the internet connecting the entire world, the manufacturing industry – regardless of whether it is apparel, motoring or electronics – is going to end up with one market. "In the past, we used to service brands that were leaders in the whole market. For example, Gap, Levi's and Ralph Lauren Polo were really strong in the US while Uniqlo was very strong in Japan," Raymond says.

"We have now moved away from serving customers in mainly one destination. The brands have become more international and so I believe that the world has become the country of origin and simultaneously, the country of destination."



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However, Raymond says that no matter how much the world changes – and begins to swing toward online shopping – retailers will continue to be focused on price or, more specifically, the supply chain cost.

“It’s not just the manufacturing cost because to put a product onto the shelf, you also need to consider logistics, inventory costs, et cetera. Before, we had delivery wait times of 90 days, then it went down to 60 days, then 45 and now our customers are asking for 30 days. There’s no limit. One customer asked me for 30 days and they’re still complaining. Soon customers might even ask for one-day delivery times.”

While supply chain costs are still at the core of Luen Thai, Raymond says the company will also concentrate on developing its automation capabilities, its online strategy and its IT infrastructure. “Having the idea of



“With anything that we do right now, we ask ourselves, ‘Is it going to be sustainable?’”

one country of origin and one country of destination – something we believe the world is going to be moving to – we would like to drive our businesses moving forward in the same way in the next couple of years,” he says. ■




Tianhai Lace Co. Ltd, founded in 1988, is a leading lace producer, specialising in warp knitting. Our vast collection can meet your various needs for intimates, ready-to-wear, bridal, sport, and athleisure clothing.

Key figures

Tianhai owns a total of 22,500 lace patterns to date, and releases around 1,000 new designs every year. Its modern factory is equipped with 210 high-speed lace machines. Its sales offices and agents provide professional services to 30 countries around the world.





“We want to make sure that when people work for us, transparency and accountability are valued.”

Painting a **BRIGHT** *future*

Wijono Tanoko says Avia Avian has tackled the competition head-on and is looking forward to even greater things.

WORDS SIMONE HENDERSON-SMART • IMAGES AVIA AVIAN

In 1978, when patriarch Soetikno Tanoko founded Avia Avian, he faced many challenges trying to compete as a national manufacturer in a market already crowded with quality international products. Fast-forward 40 years to 2018, and he now has the next two generations on board and the future is looking very bright indeed. Beginning with just one manufacturing plant in Sidoarjo, East Java, the company expanded to a second facility in Serang, West Java, in 1996, followed by a third one in Medan, North Sumatra, in 2007. Avia Avian is currently the largest decorative paint company in Indonesia. »



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“Indonesia essentially has 17,000 islands so, as you can imagine, the logistics are not going to be easy.”



“We sell our products through about 40,000 shops, and the latest milestone was a joint venture with DuluxGroup of Australia,” Wijono Tanoko, Soetikno’s eldest son and President Director, says proudly. Continuing its foray into the growing Asian markets, and spotting Indonesia as a particularly vibrant marketplace, DuluxGroup is partnering with Avian to sell some of its Selleys adhesives and sealants range starting in mid 2018.

“This is another step that we have taken in our effort to be more professional and to continue with our business expansion. Essentially, our aim is to supply to as many building material shops as possible throughout the country. This year, our company should be listed on the Indonesia Stock Exchange. We are in the process of preparing for that.”

Wijono says that one of the greatest challenges to overcome when building a national company in Indonesia is geography. “Indonesia essentially has 17,000 islands so, as you can imagine, the logistics are not going

to be easy,” he says. “To achieve our current position in the decorative paint market, we have opened our own distribution centres. Currently, we have 68 distribution centres spread across the country.

“Within each, we have a centre manager, supervisors and sales people. Then, to support the product supply, we have our own trucks to make deliveries, even in remote areas. We have about 1,800 salespeople and 400 trucks. Delivery is not easy, outside the island of Java, if you rely on third-party trucking services. What that means is that we have to invest our money in all these trucks so that we can guarantee delivery to all the retail shops around Indonesia.”

Another hurdle has been competition. Wijono goes on to explain that the big international players have all set up in Indonesia, attracted by its large population. “Indonesia is the fourth most populous country in the world,” he says. “That being the case, all the big multinational companies in paint have entered Indonesia. To counter all these big competitors, we need to be constantly innovative, both in product development and in our sales and »

RECOGNISED FOR QUALITY

Avia Avian is focused on meeting customer expectations on quality, sustainability, and health and safety.

As a result, It has successfully earned three ISO certifications:

ISO 9001:2008 for quality management

ISO 14001:2004 for environmental management

OHSAS 18001:2007 for occupational health and safety management

marketing strategies. For us, the need to develop is obvious. We have good products that we have been supplying to all of the 40,000 shops, and we're competing by launching up to three new products a year."

Supplying product for both DIY handymen and professional tradespeople, Avia Avian currently manufactures a broad range of paints, stains, adhesives and sealants that have won the company numerous accolades. It has won the Superbrand Award for the past three years, which is an international award for Indonesia's consumer choice brands. It has also been awarded a Top Brand Award for the past 12 years, a remarkable achievement and one that the company is extremely proud of. Added to that are several readers' choice awards, quality awards, and even an award for its use of social media in promoting its wood and iron paint products.

Wijono says that the company has fully embraced new technologies not just for marketing, but for management purposes too. "On the sales and marketing side, what makes us unique as a paint company in


Indonesia is that we have equipped all 1,800 of our salespeople with salesforce automation. Every one of our salespeople is equipped with tablets so that we can monitor them with a GPS-based check-in and check-out system.

"Unfortunately, in a developing country like Indonesia, the level of discipline can be quite low, so when salespeople are supposed to be visiting stores, they don't always do it. The tablet has given us a way to make sure that all our retail shops are visited by our salespeople. With the tracker, you have to be within a certain distance from the shop in order to do your check-in. Only then will the system accept that you're actually at the shop.

"We implement a similar system for our drivers. So if they are making unauthorised stops that do not belong in their delivery schedule for the day, the system will flag an alert, and they will get a warning. We have taken these all these measures in order to have full control over a lot of things. That is crucial to our success. Obviously, with all these things in place, one of the most important aspects is having an enterprise resource planning [ERP] system. All 68 of our distribution centres are connected by Microsoft's Dynamics NAV system online, so we can basically monitor everything, every day, from the head office."

Wijono explains that the ERP system improves the monitoring of goods at each branch office and the timeliness of distribution, and reduces response time for customer handling. Really, its main goal is to support the ability of every branch office to order online, and improve delivery time and overall customer satisfaction, all of which are crucial to the success of the company.

The company's embrace of technology extends to its customer service, through a free app that customers can download from iTunes or Google Play. Called Avian Brands, the app is designed to make shopping for products a much simpler and more efficient process. "The app allows end users to find their nearest shop by enabling location services, and they can then search for whichever paint product that they are

A portrait of a middle-aged man with short dark hair, wearing a dark grey suit jacket over a light-colored collared shirt. He is standing against a background of a textured, geometric pattern in shades of brown and gold. The lighting is soft, highlighting his features.

looking for. The app is there really to help make purchasing easier. The last thing they want is to drive all the way to a store only to find that it does not carry the product they are looking for.” Wijono explains that this is particularly important in a country like Indonesia, where there aren’t many big-box stores (also known as megastores or supercentres) where the size and range of the stock is vastly greater than that of smaller suburban hardware stores.

Competition in the market is tackled by Avia Avian through a commitment to good corporate governance. “We have an open-door policy,” Wijono says, “meaning that if staff have any problems – sexual harassment issues or anything else – we have a dedicated, internal audit department with a phone number that people can call with complete confidentiality. We tell our staff, ‘You can tell us anything you need to anonymously. We guarantee your privacy, so if there are any issues with any department, feel free to tell us.’ In addition, we have had a good corporate governance policy in place for the past five years now. Every supplier that wants to come into the company, and every new employee, is made aware of the policy and it is something that they must acknowledge and sign. If they’re not willing to sign it, then they cannot work for us.

“We want to make sure that when people work for us, transparency and accountability are valued. We do not allow bribes. We do not tolerate sexual harassment, because we want everybody who works for us to be comfortable and feel that yes, while we are still a family business, we do not behave like many other family businesses in Indonesia. We are aware of what we need to do to elevate our company to the next level, so that we can compete with all the multinationals.”

As President Director, Wijono says that his leadership style is firm but fair. He says that you need to be able to nurture the people you have working for you. “While we do set targets and KPIs [key performance indicators] – we always set ambitious targets and that is the reason why we have grown relatively fast from being a small company to becoming the number one player in the »

INTEGRATED SOLUTIONS: A HISTORY

1978

Avia Avian established by Soetikno Tanoko in Sidoarjo to manufacture wall, wood and metal paints.

1983

Automotive paint, spray paint, wood paint, rattan paint and some paint for industrial needs added to product line.

1986

Alkyd resin and emulsion resin production started.

1991

Plant expanded on new land area of about 60,000 square metres.

1993

Manufacturing division of cans (tin plate) and metal printing established.

1995

Mitra Mulia Makmur for the manufacture of plastic packaging established.

1996

Second Avia Avian factory opened in Serang.

1997

Suzuka and Platinum brands for automotive paint added to product line.

2000

Panca Kalsiumindo Perkasa established in Tuban to produce calcium carbonate.

2001

Tirtakencana Tatawarna established as a distributor of building and furniture materials.

2003

Paint production capacity increased with a semi-automatic machine.

2005

Five lines of automatic tin machines and automatic silos added on 10,000 square metres of land.

2006

BASF Indonesia's master batch pigment division acquired under the name Chemistry's Citation.

2007

Third Avia Avian factory opened in Medan.

2009

Emulsion and alkyd production capacity added in Sidoarjo.

2010

Approximately 300 hectares of land purchased in Gresik for future expansion.

2011

Factory built and marketing of instant cement branded Giant Mortar brand started.

2014

Factory built and marketing of PVC branded power products started.

2015 – present

Continue to add Distribution Center to provide better service quality for our customers.





country – I think one of the best things that we have done over the past decade or two is to always nurture our people. We do have strict targets that we need to meet but if the market condition is soft, we don't berate our staff because we understand that there are certain things that are beyond their control.

“Ultimately, the company is only as good as the people we have working for us. Compared with many of the other paint companies, we can proudly say that we have some of the best people in the industry working for us. They helped us to grow to

where we are now, and we owe our success to them. Without them it would be impossible for us to continue our growth. Our people, as clichéd as it may sound, combined with our good products, have allowed us to continue to gain market share. I truly think the combination of having good people and good products has allowed us to be where we are now.”

Because of this, Avia Avian not only ploughs profits back into the research and development of new products, it also invests in its people. Each year, the company offers extensive training programs and competitions for its staff to increase their knowledge and skills as well as strengthen cooperation among team members. The training covers a broad range of topics, from safety and quality control to emotional and motivational mindset training, leadership courses, and even financial planning.

Not one to rest on its laurels, Wijono says that Avia Avian is looking for further growth. To achieve this, the company has set out some clear short-term goals. “The short-term target is to successfully launch the joint venture with DuluxGroup. As its local partner, we need to be responsible by delivering the agreed KPIs that we set up when we did our business plan.

“Another important goal is that we will be a publicly listed company this year, maybe towards the second half of the year. This is a huge landmark. We'll be the first paint company in Indonesia to be publicly listed. Then, after we list our company, we will look for M&A opportunities. There are many regional paint companies we would like to acquire. Obviously, synergy is the main consideration, so if the synergy is good, if the valuation is positive, then they are potentially a target for us to acquire. That's our plan for the next few years.” ■



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- RECHARGE! RECHARGE! YOUR BATTERIES, P106



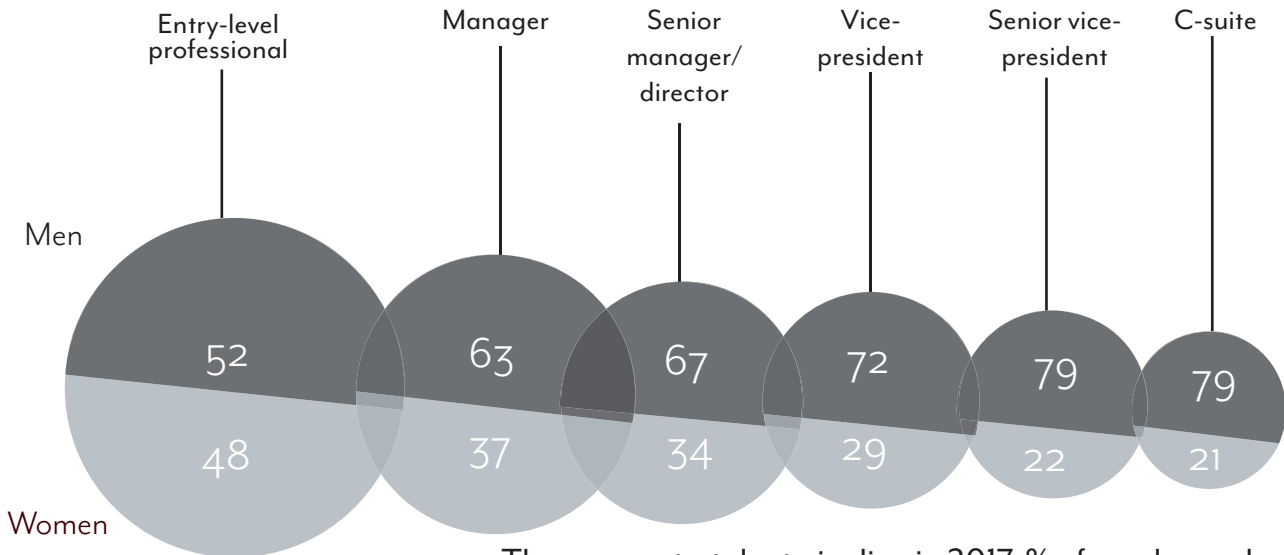


BUILDING EMPTIES GULF

The newly opened Louvre Museum in Abu Dhabi is an architectural beauty that appears to float on the tranquil waters of the Persian Gulf. It is, in fact, anchored to the seabed, and construction couldn't get underway until a section off the coast of Saadiyat Island had been blocked off and all the sea water removed. The pumps ran for six years. Once the building neared completion, it was waterproofed and the sea walls were removed, allowing the Gulf to lap at its sides.

"I BELIEVE TESLA WILL UNVEIL
A CONSUMER-CLASS
LEVEL-FOUR [AUTONOMOUS]
VEHICLE LONG BEFORE
2018 IS OVER."

– JIMMY WALES,
CO-FOUNDER, WIKIPEDIA



The corporate-talent pipeline in 2017, % of employees by level.

PROMOTING PROBLEMS

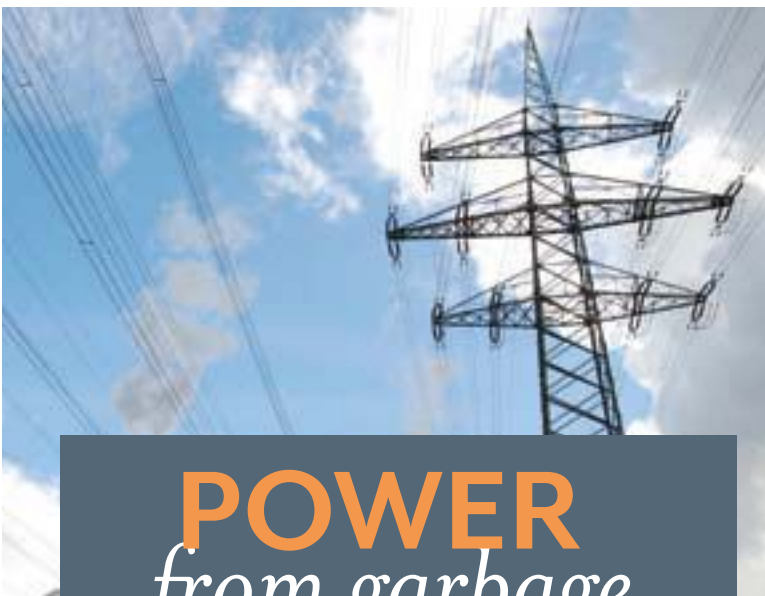
McKinsey's 2017 report 'Women in the Workplace' shows that even though the balance between male and female workers is way out of kilter at the CEO end of the spectrum (79% men versus 21% women), the seeds for that imbalance are planted right at the start. The study reports that although women represent 57% of college graduates, they make up only 48% of new hires. But it's at the next step – that first promotion into management – where diversity alarm bells start ringing. At that level, men make up 63% of the workforce, meaning entry-level women are 18% less likely to be promoted.



A-TEAM

In the ever-escalating war on cybersecurity, The Australian Defence Organisation has found some unlikely recruits. It has discovered that people with autism spectrum disorder are gifted with an incredible ability to analyse, interpret and understand data and, when managed differently, have proven to be very reliable and effective team members. The Israeli Defense Forces pioneered the idea. Its Intelligence Division's Unit 9900, primarily concerned with analysing satellite images, is entirely staffed by people on the autism spectrum.

66 per cent
 of respondents in a Reuters/Ipsos poll would not feel comfortable as a passenger in a self-driving car.



POWER from garbage

In a first for the country, EnergyAustralia has announced that it plans to convert part of its Mt Piper power plant to enable it to burn rubbish, rather than coal, to generate electricity. In partnership with Re.Group, the energy provider plans to turn 200,000 tonnes of non-recyclable rubbish each year into enough power for 40,000 homes without the need for fossil fuels. The idea is not a new one, with Germany first developing the use of refuse-derived fuel in its cement industry in the 50s.

CHINA'S ELECTRIC EMBRACE

In order to combat its shocking levels of air pollution and meet emissions targets, China wants to establish itself at the forefront of the electric vehicle industry. The megacity of Shenzhen has already replaced its entire fleet of 16,000 diesel buses with quieter, cleaner, electric ones, making it the first city in the world to reach that goal.

By contrast, there are currently only 300 electric buses in use in the entire US. The next target is to replace all the city's taxis with electric vehicles by 2020.



“Innovation *comes from* *the field.*”

Subway’s Pavel Dorosevich is on a mission to spread the ‘Eat Fresh’ creed across all of Asia-Pacific.

WORDS ADRIAN FLORES • IMAGES RAY & MAG PHOTOGRAPHY

As Regional Director for Subway APAC, Pavel Dorosevich continues to be inspired by the quick service restaurant (QSR) chain’s great-tasting sandwiches. Pavel is a firm believer in a healthy lifestyle, which in his case includes a one-hour swim every day before work. But at the heart of his routine are the Subway sandwiches, which number many more than the original seven varieties (17 in the US at last count), most with six grams or less of fat. And they all taste delicious. Food for thought: Subway, ‘the sandwich as it should be’, has plenty of potential across Asia-Pacific.

With a background in investment banking and management, Pavel spent the first few years of his career in the financial services industry, first at EY (then Ernst & Young), then at The Pioneer Group and the International Finance Corporation, and finally at JP Morgan, focusing mainly on equity research. “Having a strong command of numbers has helped me lead a different type of discussion when it comes to bringing the Subway brand to new heights,” says Pavel. “It’s a very valuable tool, as I’ve come to recognise day by day.”

Also valuable is Pavel’s 15 years at McDonald’s, from 2001 to 2016, taking on a variety of roles across corporate development, corporate strategy, finance strategy, real estate, and franchising and licensing strategy. First stop was Chicago, home of McDonald’s HQ. »







Varun Jupally is the winner of the "Franchisee of the Year" award at the Subway Convention 2017 held in Orlando, USA . There is one thing common among his different roles as a Subway Franchisee, Restaurant Owner and a Real Estate Developer.



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Innovate Non-Stop

Varun started off with one Subway restaurant in 2011 and now owns 12 restaurants across Hyderabad, India. He understood how important R&D and Supply Chain Management is for the growth of an organization only after he partnered with Subway. This gave him the confidence to open more restaurants. For him, the key take away from the Subway system is the importance of understanding customer behavior. Creating a Food and Beverage brand is all about knowing your customer and updating the model accordingly.

Being in the US for two years gave him the much-needed exposure and strengthened the urge of being an entrepreneur, more importantly, an entrepreneur with an eye for innovation. He believes in one strategy and that is continuous innovation whether it is for Subway, his casual dining brand, CIBO house or his high-end real estate project Prazanta. CIBO house is now one of the most preferred dine-out brands in Hyderabad, India. Varun believes that when someone wants to celebrate, the first thing is to dine out and he wants CIBO house to be their go-to destination.

While Food and Beverage industry was always close to his heart, Real Estate was another vertical he was exposed to when growing up as his dad was into it. In the current scenario, property prices in India are on par with the Western world whereas the architecture and details are not. Varun believes that all it takes is passion and attention to detail to achieve the highest of standards. He is confident of carving a niche for himself by offering world-class properties at a competitive price. His first real estate venture Prazanta is on its way to set new standards.

“I spent my first seven years there,” he recalls. “My focus then was changing the business model for McDonald’s, designing and launching global campaigns and corporate structuring.” Next Pavel spent three years at McDonald’s Japan, helping it turn around the business and re-franchise most of the 3,700 stores existing at that time. He then moved to Singapore in 2011, and has been in the Lion City ever since. “The task with McDonald’s was very similar to what I’m doing right now in Subway. I was working closely with global and regional leaders of the brand, building a regional team and formulating regional strategies.”

In the Regional Director post since September 2016, Pavel has boarded the Subway train at a very interesting time. Last year, it announced it would do a complete redesign of all its restaurants, something it hasn’t done in almost two decades. “The modern design is already being rolled out across the US and Europe, and is very different from the traditional Subway design,” he says. “It’s a lot more inviting, modern-looking and convenient for customers to use.”

The major shortcoming of Subway restaurants in Asia-Pacific is that they usually have small square footage, limited seating and limited ability to cater to customers willing to spend time at the restaurants and enjoy their meal. “The new design is suitable for consumers to use our stores for multiple meal occasions and find their meal solutions across different parts of the day.”

The restaurant redesign has gained real traction with customers. However, Pavel insists the move was made “not just with hope”. A man of numbers, he ensured the move came with a solid business case and evidence to back it. “I can see the figures from nearly 100 stores that we have in the rest of the world. The

“The challenge is to be able to choose the best ideas out of the multitude we get on a regular basis and harness that creativity.”

bump in sales is quite significant. It’s above the market by a good double-digit number.”

With a presence in 18 countries across Asia-Pacific, that adds up to a lot of Subway franchisees. The only difference Pavel finds when comparing Subway in Asia-Pacific to other regions is that most markets are still at the very early stages of development. While the Australian and New Zealand markets have matured and are on par with the US, Subway is still scratching the surface of its potential in countries like China, Japan, South Korea and Thailand.

With this in mind, crucial for Pavel is making sure the ideas coming from »



“The US and Canada have approximately 2,500 food service establishments per million capita, but in Asian markets like Thailand or Japan, that figure is around 7,000 to 8,000.”

business partners in the field flow all the way up to head office. Since many of the Subway franchisees across Asia-Pacific are still at the very early stages of brand development, that creates a unique window of opportunity for Pavel.

“The challenge is to be able to choose the best ideas out of the multitude we get on a regular basis and harness that creativity, rolling out these new ideas across individual markets and then the whole region,” he says.

The best example is India where there is a large number of people who prefer a

vegetarian diet. Half of the menu in Subway’s Indian stores is filled with vegetarian options. That menu is a case where “innovation comes from the field”, Pavel comments. “India developed those ideas, those new, unique India-specific options. Since then, it has become a regional lab. Some of those ideas have now been rolled out across Asia-Pacific,” he says. “That’s why we are relying heavily on our business and supply chain partners to share their insights with us. They help us understand what will fly if we think about meal combos, where we

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pair our new ideas with new sandwiches and beverages.”

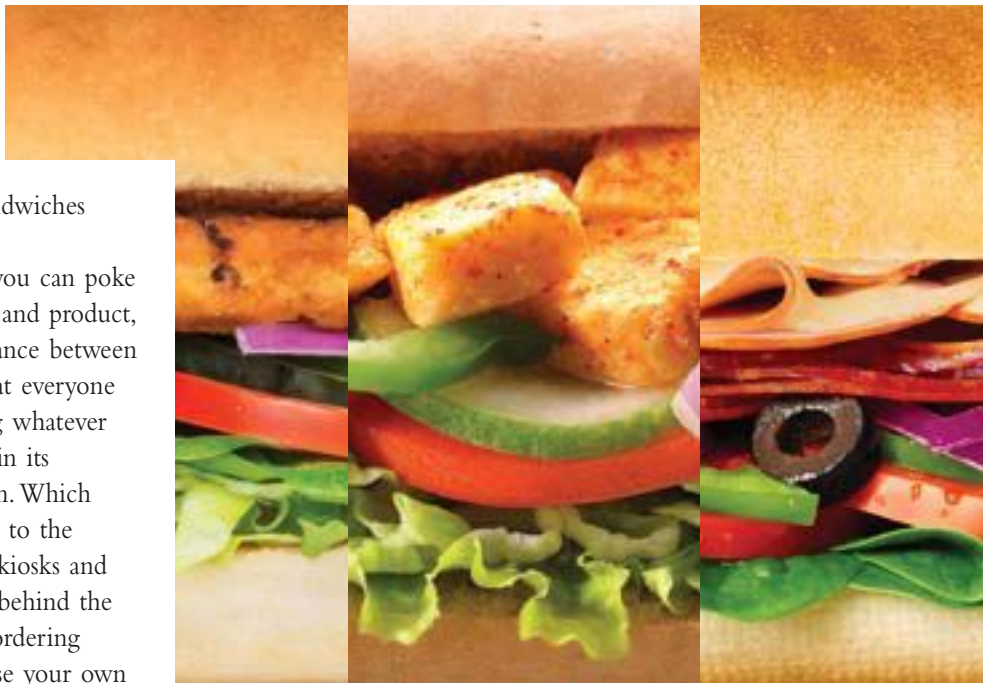
With more innovation than you can poke a stick at in terms of both place and product, Pavel has found that delicate balance between protecting the Subway legacy that everyone recognises worldwide. He’s doing whatever he can to modernise and maintain its relevance as a leading QSR chain. Which is why, despite adding new items to the menu, adopting digital ordering kiosks and implementing vegetable displays behind the counter, the trademark Subway ordering process of being able to customise your own sandwich remains unchanged.

Historically, Subway has to a large extent been developed out of its US headquarters. This is something Pavel says is changing as the company shoots for long-term success in Asia-Pacific. “As we are moving the decision making from headquarters to the regional or market level, we need a very different corporate organisation, with different skill sets and capabilities,” he explains.

“We need to build those local and regional teams within the next two to three years. The US and Canada have approximately 2,500 food service establishments per million capita, but in Asian markets like Thailand or Japan, that figure is around 7,000 to 8,000. In South Korea, it’s 12,000.”

Naturally, this means more intense competition for Subway. Perhaps, more than any other industry, the QSR space continues to move at lightning speed. Brands unable to keep up usually flash then disappear in a blink of an eye. Pavel says only a handful of global players manage to retain their presence and grow their share. He remains undeniably confident Subway will be one of them.

“We see what lies ahead of us. We choose to be persistent. We’ve already seen great examples of other brands that achieved very high levels of penetration, very high level of sales and presence in the food service industry. We have no reason not to match or even beat that success.” ■



SUBWAY SANDWICHES ACROSS ASIA-PACIFIC

India

- Aloo Patty (potato cake)
- Paneer Tikka (cottage cheese slices)

Japan

- Smoked Salmon and Mascarpone
- Shrimp Avocado

Australia

- Classic Chicken
- BMT (pepperoni, salami and ham)

Taiwan

- Western Egg
- Cold Cut Combo

Subway India has 10 vegetarian-inspired sandwiches, almost half of the 21 it offers to customers.

King of candy

Perfetti Van Melle uses innovation to inspire and delight consumers worldwide, through its production of much-loved confectionery products like Mentos and Chupa Chups.

WORDS • HOLLY JOHNSON

Under every Mentos wrapper and on the end of every Chupa Chups lollipop sits a delectable bite of confectionery, innovatively crafted by the team at Perfetti Van Melle. The third largest confectionery manufacturer in the world, the company employs over 18,000 staff, operates 38 companies, and distributes its delicious products to more than 150 countries worldwide. While its global brands gratify, refresh and delight consumers of all types and ages, its 17 regional brands are created to suit local preferences.

The group's Indonesian arm was established in 1990 to service growing demand in Asia-Pacific. "Perfetti Van Melle's growth in Asia-Pacific started right here in Indonesia in 1992, when Perfetti acquired Van Melle, taking advantage of the latter's strong foothold in Asia," says President Director Afnan Ahsan. "Jakarta was a key position for the group and through our two manufacturing sites, we now export a significant amount of halal candy to the Middle East, Africa and parts of Europe.

“We are constantly innovating and strategically marketing our products to encourage consumers to evolve.”

“Our business in Indonesia caters to Perfetti Van Melle’s seventh largest market in the world. Consumption levels and market developments in Indonesia are still very low, so there is a tremendous opportunity for growth. We are the market leader, yet we only hold 18 per cent market share. Therefore, we are constantly innovating and strategically marketing our products to encourage consumers to evolve.”

Perfetti Van Melle has a vision to enhance its world leadership in confectionery by creating value for consumers through new and delightful high-quality products. Its central laboratories in Italy – supported by local laboratories in various countries – are constantly researching new chewing gum and candy formulations, as well as improvements to existing products.

“The innovation and excitement we bring to the industry is like none other and, as the market leader, this gives us the opportunity to drive growth,” says Afnan. “We are present in almost every single category in the sugar confectionery industry, including chewing gum, bubble gum, soft candy, chewy candy and hard candy. So, although we exist in a highly fragmented and competitive environment, we cater to all consumer preferences.”

Afnan notes that consumers in both mature and growing economies are very sensitive to new experiences and concepts. Perfetti Van Melle aims to surprise its customers with new products, flavours, packaging and product concepts that will help them enjoy the sweeter moments in life.

The company prides itself on creating an environment in which passion, expertise and entrepreneurship thrive, allowing it to ‘unwrap the potential’ of its staff. “When you invest in a machine, it

has a defined output. No matter how well you look after it, it will never give you more than that. That is why people are our best investment, and the way we’ve built our team is the crucial to our success,” says Afnan.

“Our suppliers allow us to source locally. We tend to rely heavily on imports for packaging and raw materials, but, with an unstable rupee, it’s very difficult for us to compete. What we’ve been trying to do over the past two years is to develop a network of local suppliers. In the past, Malaysia had a very small presence in UV-barrier packaging, so we developed our local suppliers to invest in modern technology. Now, we source 100 per cent of our flexible packaging from 80 Indonesian suppliers alone. We also started developing our local glucose suppliers. Indonesia has always been a tapioca-based glucose manufacturer, so all our brilliant white glucose needs were based on imports. We are now at the stage where we purchase almost 80 per cent of our glucose locally. We have been able to help our suppliers to upgrade their businesses and bring their manufacturing processes to a higher level within the industry.

“The biggest advantage we gain from these relationships is cost predictability without having to worry about foreign exchange fluctuation. Because we source locally, we pay in rupees and we earn in rupees,” explains Afnan. “Our multiple principal distributors have been working in the market for a long time, and our success is based on their strength. We have approximately 130 distributors across the country, and we work with them to manage their business analytics. We invest a lot in distributor management systems and salesforce automation. We bring our global best practices and help them to manage their business efficiently and effectively. This is a win-win because as our suppliers become stronger so do we.” ■

INNOVATIVE INSURANCE

Generali's Roberto Leonardi describes how the nearly two-centuries-old Italian insurance business has expanded throughout Asia, with innovation at its core.

WORDS SHARON MASIGE • IMAGES GARETH BROWN

A strong brand on its own is not enough to differentiate a company from its competitors, says Generali's Regional Officer for Asia, Roberto Leonardi. The nearly 200-year-old Italian insurance company has had a presence in Asia since the 70s and is showing no signs of slowing down.

"We pride ourselves on our long history and a strong Italian heritage that will always remain in our company DNA," Roberto tells *The CEO Magazine*. "The fact that we are the only Italian insurance company in Asia has given us an opportunity to identify ourselves more strongly with our heritage, culture and beliefs."

Generali provides insurance services and solutions for individuals, small to medium enterprises and global corporations, and »



“A strong brand on its own is not enough to differentiate a company from its competitors.”

its regional base in Asia is in Hong Kong. According to Roberto, to keeping a company operating long into the future is a differentiated service proposition for customers and distributors. “We strive to listen and to understand our customers’ needs,” he says, describing Generali’s approach. “We put them at the heart of everything we do.”

To jump into the minds of its customers, Generali uses the net promoter score (NPS), a tool that tells companies what they are doing well and what they need to improve on to increase customer satisfaction. “The NPS helps us drive a mindset shift,” Roberto notes. “It is only when we see things from a customer’s perspective that we can identify and dive deep into issues they might have with us at each touchpoint in the their journey. What matters to us is not the score; it is all about a culture of customer-centricity. Follow-up actions are important steps to rectify specific issues and ensure that the best service is provided to customers.”

A chartered accountant by profession, Roberto secured several CEO and regional senior management positions in health and insurance businesses throughout Asia and Europe before arriving at Generali. He mainly focused on start-ups and turning businesses around, and was responsible for marketing, data and ecommerce initiatives. Before heading up Generali’s Asian division, Roberto worked at AXA Asia, a subsidiary of the French insurance company AXA Group. “The opportunity at Generali arose from the need for businesses to focus on developing the retail business more aggressively, especially to focus on health, protection and other attractive offers to build profitable growth,” he says. Now he manages both the life and property, and casualty businesses of Generali Asia.

With more than 25 years in the insurance sector, Roberto has noticed a shift towards a greater reliance on data, both for internal and external uses. “The industry as a whole is constantly looking at ways to improve service excellence, stay on top of the evolution of self-service and alternative distribution channels, and leverage the use of digital marketing to engage with customers and other stakeholders,” he notes. “The availability of large quantities of data, the ability to collect and analyse this for a specific purpose, and the relative ease of analysing and interpreting

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it successfully, has allowed insurers to develop customised products and services to address individual customers' needs."

This data-centric focus comes under the broader concept of innovation, one of the pillars of Generali's operating model. "We constantly challenge ourselves to rethink insurance in a simpler and smarter way," Roberto states. "We ask ourselves, what can be done with innovation and technology to drive value creation for customers and how we can accelerate our speed in delivering insurance solutions to the market?"

This has become a welcome challenge for the business, especially as it continues to develop its reach in the Asian insurance market. "As a relatively late entrant, we have to disrupt the traditional big players through our approach to service, a differentiated brand position, and by constantly remembering the noble purpose of the industry," Roberto adds. He goes on to say that innovation is the vital to the company's longevity and success. "We embrace technology to transform the customer experience and the way we operate

as an insurance company," he says. "Information technology and connectivity are important drivers to make us more efficient, and able to provide simpler and smarter solutions to the market."

Through Generali's partnerships with venture capital, companies and start-ups, it has launched a series of innovative projects such as a smartphone platform and smart home technology. "In Asia, we launched our eCare with the aim of making insurance claims simpler and faster for customers," Roberto continues. "It is a comprehensive health insurance platform that allows us to process claims anytime, anywhere. Customers simply need to take a photo of the medical receipt and submit it in real time through a mobile app. It is a game changer for its ability to remove multiple issues associated with manual claims processes."

Generali was listed in MIT Technology Review's 'World's 50 Smartest Companies' of 2015. This was for gathering health and fitness data from wearables to calculate insurance rates for participating customers.

The eCare platform is set to be implemented across five countries in Asia where Generali operates by 2019.

For Roberto, profitable growth is not the only sign of business success. "I value how many people's careers I have helped influence, and how many career ambitions I have helped shape and

develop," he says. "What you can do with and for your teams is key to adding value to a business. I am a strong believer in servant leadership – that to succeed means to empower your teams to execute the vision, to remove obstacles when needed, and to thank them when the results are achieved."

The next phase for Generali in Asia is a three-pronged strategy that involves strengthening its brand, building credibility with all its stakeholders, and delivering on its targets. "Asia is a major market for Generali," Roberto says. "We want to be the insurer of choice, not just because we offer great value and an ecosystem of products and services, but also because we contribute to the lives of the people who work for the company and to the community." ■

"Generali is committed to business innovation, customer advocacy, and operational excellence. We are proud that Applan's digital transformation platform is helping Generali support those values by creating an environment to accelerate the pace of change across the company's Asia business." – Karen Astley, APAC Regional Vice President, Applan

“We continuously REINVENT ourselves.”

Manuel Lorenzo Tuason has instilled a family atmosphere and an approach of continuous improvement into the Philippines' leading bill payment service.

WORDS DANIEL HERBORN • IMAGES JASPER SALCEDA

While some leaders gravitate towards stable, established companies with histories of unbroken success when looking for their next role, Manuel Lorenzo Tuason was drawn to his current President and CEO position by the significant challenges the assignment entailed.

“The challenge to turn around what was then an ailing business was a compelling reason for my move,” he says. “Nothing can be more inspiring and exciting than to create value as I see plans coming into fruition. Further, the challenge to effectively harness everyone’s abilities and realise a full transformation wherein every employee of the company is proud to be part of a ‘winning team’ was more than enough reason to accept the offer.”

CIS Bayad Center Inc (CBCI), the business that he transformed, offers its customers the chance to send and receive money, and to pay bills. The business model places a premium on convenience, with a range of central locations across the Philippines and stores that stay open until late. It is linked with a wide array of biller companies, creating the option for consumers to use it as a one-stop shop for paying several different bills in one visit. This kind of transfer and payment »





service is especially important in the Philippines, where reports suggest fewer than 20 per cent of people have a bank account.

As a relatively new market entrant in the financial world, CBCI had an early obstacle to overcome: proving to consumers that it could be trusted with their hard-earned money and financial information. “Being the pioneer of outsourced payment collection,

earning the confidence of the paying public required a holistic, ‘total systems’ approach. There was no room for error. It demanded complete integrity and reliability from our people, systems, processes, partners and suppliers,” says Manuel.

“We are not bent on just selling a product or service, but are mindful of, and sensitive to, our customers’ needs. That gives us the ability to satisfy the needs of the paying public.” Manuel says newer market entrants have tried to reproduce CBCI’s business model, but the long-term relationships and high trust levels the company has built up means it remains the market leader in the payments space.

The caring approach to customers continues in the workplace, which Manuel describes as having a family-like atmosphere. “Filipinos by nature are very friendly and close-knit. This is carried over into the



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workplace, where the atmosphere is friendly and caring.” The company also embraces bringing young people into the organisation, believing they bring energy, fresh ideas and a growth mentality that often proves infectious.

Manuel says a mistake other industry players have made is to lose focus on the basics. “Nowadays, business leaders are enamoured by technology and how it can disrupt their existing businesses,” he says. “My take on this is that technology is an enabler that can facilitate change in doing things, but what we truly need to understand is still people’s behaviour. Business is about people. Behaviour can disrupt a business. Taking into account sociocultural and economic conditions can make or break a business.”

Manuel has long had an interest in, and an aptitude for, leadership. From an early age, he took on senior roles in school study groups and team sports. “I knew there was a leader in me that I needed to free up and hone further,” he recalls. He sits on the board of several subsidiaries of CBCI, and says the collective wisdom and differing approaches to management he sees in these roles have given him a range of ideas that are applicable to his main position.

While he has a wealth of management experience and took on leadership positions at a young age, Manuel is determined to avoid complacency but continue building up his expertise. “Even at this point in my career, I consider myself a work-in-progress. I continue to learn from others and build up my leadership abilities. I believe the moment I stop learning is the moment I stop leading.”

Leaders he looks up to include Manuel Lopez and Manuel V Pangilinan, the past and the current chairman of Manila Electric Company, CBCI’s parent company. “They are both well-respected in the business community and are considered corporate titans in the country as they lead their respective groups of companies.”

These two leaders have achieved a lofty public reputation and Manuel says they have earned every bit of this acclaim. “To my mind, they are professional leaders who

embody the stereotype of having ‘substance and form’; possessing intelligence, business acumen and a deep understanding of the business. They are both gifted with an entrepreneurial mindset, while showing sincerity in caring for others.” The most successful business leaders, Manuel believes, actively impact on the lives of those they lead, both at work and further afield.

“For me, what has proven to be the most effective approach is to be an inspirational leader – a role model for the rest of the organisation. As one well-known management guru has said, ‘Leadership is not about titles, positions or flowcharts.’ It is about one life influencing another.”

Both his namesakes are role models for Manuel in his resolve to keep learning, evolving and growing as a leader as he directs the company. The group has experienced a stunning 10-fold growth over the past decade and is determined to keep any new rivals at bay.

“We continuously reinvent ourselves,” he explains. “We strive to come up with fresh ideas and to push the boundaries, creating relevant new products and service offerings. In the process, we make ourselves a moving target for competitors, and a force to be reckoned with for emerging disrupters.” ■

“Technology is an enabler that can facilitate change ... but what we truly need to understand is still people’s behaviour.”



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The Internet of Things (IoT) has long been billed as ushering in one of the biggest eras of technological change in human history.

Indeed, the potentially game-changing concept, which describes the ability of consumers to connect any device to the internet, has the potential to fundamentally alter the way we live and work.

But despite the IoT concept having been around since the late 80s when the first internet-connected device was unveiled, the full impact of the much-trumpeted connectivity revolution has not yet come to pass. This has led to speculation that the technological transformation promised by the IoT is more hype than reality.

However, the IoT revolution is certainly underway and is set to have far-reaching implications for business and consumers well into the future.

WHAT IS THE IoT?

Kaila Colbin, from Silicon Valley's Singularity University, says that far from being hype, the IoT is fundamentally altering the way people live and do business.

However, she adds, many people misunderstand the concept, which encompasses a wide variety of technologies ranging from fitness trackers to self-driving cars.

The IoT, according to Colbin, is best described as a network that allows everyday objects to communicate with each other over the internet.

Speaking from the tech think tank's New Zealand headquarters, Colbin says the IoT differs markedly from the current internet.

"Right now, the internet is largely a web linking people. You email other people, connect with them on Facebook or Twitter, buy from them on eBay ... It is people accessing a global network," Colbin says.

"In contrast, the IoT is about objects, rather than people, accessing the network."

Within the next decade, Colbin predicts the IoT, via advances in wireless connectivity, will extend to most industries and aspects of life. »

HYPE OR REVOLUTION?

Far from hype, tech experts say the Internet of Things revolution has arrived, with rapid advancements in machine-to-machine communication set to transform how companies across the world do business.

These changes are likely to include sensors on vehicles, roads and parking stations to help ease traffic congestion, while smart shipping containers and miniature nano-satellites will facilitate more efficient logistics and trade.

But it doesn't stop there. Household appliances such as washing machines, refrigerators, televisions, ovens and even pool pumps are also likely to be connected to the internet, giving consumers greater power to monitor and operate them remotely.

The unfolding revolution is being spearheaded by companies such as Tesla, which are at the vanguard of the IoT innovation.

"For an electric car, a change in software could mean an improvement in performance or the addition of new features. In October 2015, Tesla owners woke up one day and found that, overnight, their cars had been given Autopilot functionality," Colbin says. "Eventually, cars can integrate with traffic lights, which will also be connected to the network, and the lights can change automatically to optimise traffic flows."

HOW WILL THE IoT AFFECT BUSINESS?

One of Australia's leading IoT players, Connected IO, agrees with Colbin, warning companies to stay abreast of the coming changes, or risk being left behind.

The Perth-listed company's executive chairman Jason Ferris says the staggering numbers speak for themselves in heralding the coming tech revolution.

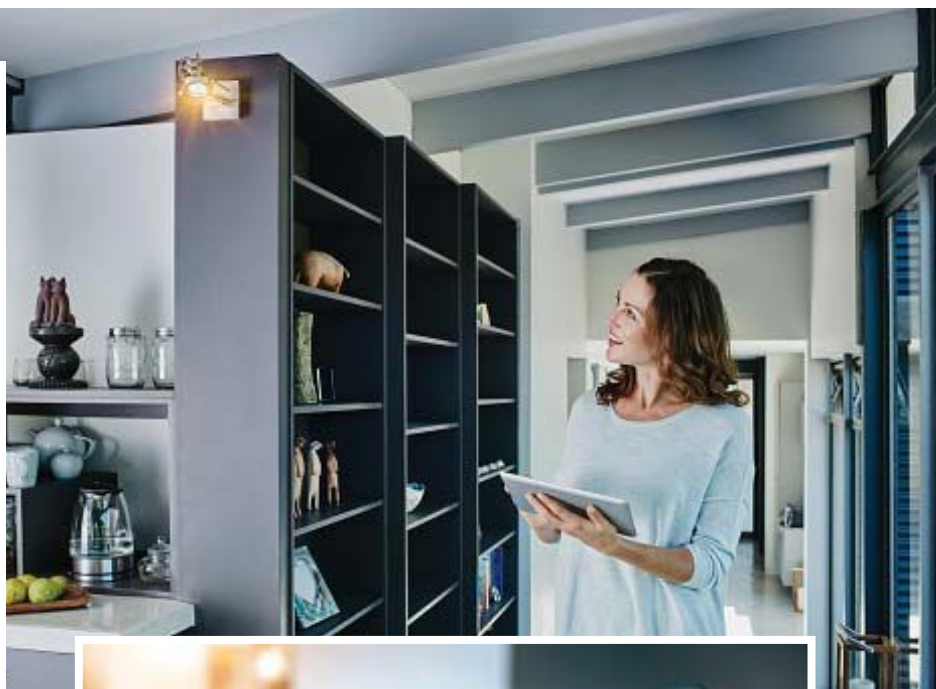
According to Ferris, by 2020, some four billion people will require internet connection, creating a worldwide revenue opportunity of US\$3.2 trillion and massive demand for internet-connected devices.

If market predictions are correct, Ferris says, there will be more than 25 million apps connecting 25 billion embedded and intelligent systems, using a staggering 50 trillion gigabytes of data each year.

"The future of communications is here already," says Ferris, whose company specialises in cellular modem devices and partners with major US carriers like Verizon, AT&T, T-Mobile and Vodafone.

"Companies not growing with the IoT will be left behind as connected devices become the norm in almost every application throughout the world," Ferris says.

"More and more devices can connect quicker with less interference, providing data feeds at speeds not



previously available to the market."

He describes the IoT market as limitless, saying it's impossible to predict how widespread the application will become.

But whether it's "failover communications for restaurants, live feeds for security applications, or vehicle tracking and reporting", data will flow at levels never seen before in human history.

"Connected vehicles and appliances as well as various military applications are already in development and really not far from implementation," Ferris says.

WHAT SECTORS WILL BE MOST IMPACTED?

Global consulting firm McKinsey estimates that, due to its massive global impact, the IoT will reshape many industries worldwide.

According to McKinsey, some of the sectors likely to be most altered include manufacturing, engineering and transport due to innovations such as robotics, increased automation, and smart devices such as sensors and drones.

Agriculture is another industry likely to feel the IoT's impact. Matthew Pryor, co-founder and CTO of Australian agritech company Observant, understands this first-hand.

Pryor, whose company specialises in making high-tech sensors for water and livestock, says farming will be "radically changed" by the IoT.

"When you consider that much of farming faces its greatest uncertainty in the form of weather, getting better information and control of every other possible variable holds enormous appeal," he says.

"For that reason alone, there will barely be any aspect of the farming and agricultural supply chains that is not radically changed by the IoT, and the information and decision-making transformations that it enables."

He says that when it comes to the US\$1.9 trillion global agriculture industry, the impact will affect both how farmers operate and the post-farm supply chain that takes produce to market.

"On farm, daily decision making, farm automation and operational and market risk management are key areas of impact," explains Pryor, whose firm provides a range of agritech products including a cloud-based data analytics platform for farmers and a variety of devices for remote farm management and control.

"Once you enter the post-farm gate supply chain, the information capture and traceability of products become major economic factors," Pryor adds. "Tracking, trading and traceability will be reshaped as the entire supply chain gradually becomes connected and an interoperable pillar of agricultural commerce."

Like Ferris and Colbin, Pryor is upbeat about the potential of the IoT to improve outcomes for consumers and business, so long as the rapidly changing technology doesn't leave them behind.

He also points to the need for better connectivity for those working in rural areas.

"Farmers need to be as familiar with the high-tech equipment as they are with more traditional farm equipment. Interpreting and reorganising digitally sourced information will become an increasingly important skill set."

CASHING IN ON THE IoT

For global business futurist Morris Miselowski the key to taking advantage of the IoT era means, somewhat ironically, companies going back to basics.

THE HYPE IS REAL

MCKINSEY GLOBAL INSTITUTE BELIEVES THAT IoT WILL CONTRIBUTE US\$3.2 – US\$8.9 TRILLION TO THE GLOBAL ECONOMY BY 2025. THAT WOULD MEAN IoT TECH CONTRIBUTING ABOUT 11 PER CENT OF THE WORLD ECONOMY BY 2025.

Miselowski, who has worked with clients including UBS, Mastercard, NAB and Visa on futureproofing their operations, advises businesses to come to grips with the IoT by re-examining their core purpose. The next step, he says, is to re-imagine how that core purpose could be executed using today's cutting-edge IoT technology. "That's how Airbnb, Uber and other disrupters have come up with their offerings," Miselowski says. "They paid no attention to what was being offered and went back to the core of what was needed and said 'What can we do now that's different to before?'"

Another important move for forward-looking firms, the Australia-based futurist says, is to attract talent capable of pre-empting changes likely to flow on from the IoT.

This, Miselowski concedes, can be a very difficult task.

"What we require is hyper-fluid, non-linear thinking, but it is unusual for businesses to find someone within a corporation who has a broad enough mindset and knowledge base of the many different technologies, economies and other spaces to make the decisions you need to make right now," Miselowski says.

"If you find someone like that, you should employ them full-time, because they will give you the greatest return on investment possible." ■



The Bicolano Baron

From post-World War II dry goods store to Bicol retail empire – what is next on the horizon for the LCC Group of Companies?

WORDS ADRIAN FLORES • IMAGES JASPER SALCEDA

The journey to Bicol retail baron hasn't been without bumps along the way for Antonio S. Tan, Chairman and CEO of the LCC Group of Companies. That includes a disaster in 1977, when both family stores – the Tans' main livelihood – burned to the ground, causing Antonio's father and founder, Tan Chu Lim, anxiety and desperation for quite some time.

Not wanting to be caught in similar situations, Tony, strived to earn a degree in Business Administration at Aquinas University (now University of Santo Tomas – Legazpi), and eventually licensed as a CPA. Motivated and appropriately skilled, he together with his siblings rebuilt the business into a conglomerate of community malls, as well as a range of department stores, supermarkets and food outlets, spread throughout the Bicol region.

The CEO Magazine asked the retail conglomerate head why the Bicolano people continue to remain close to his heart, what is ahead for the family's retail empire, and whether LCC will be seeking new horizons beyond Bicol and across the archipelago nation. »



The CEO Magazine: Your parents started the family business as a small dry goods store called Liberty Bazaar in 1945. What experiences do you recall with the company growing up?

Tony: I was already hands-on with our retail store and learning the nuances of the retail industry from a very early age, from selling in the store to dealing with suppliers. Along with having this exposure early on, I also reinforced my knowledge by undertaking graduate studies and attending executive and leadership training both in the Philippines and abroad. This has allowed me to focus on innovative concepts, which are crucial in making the right decisions as Chairman and CEO of the LCC Group.

What is your idea of leadership, and how do you instil leadership qualities in your employees?

The principle of leading by example is something I adhere to. I also believe that no-one has a monopoly on ideas and

communication processes, and I'm always open to suggestions from my employees. While this might sound counterintuitive, I think a good leader must be a good follower and listener as well.

More than that, a good leader should be a visionary, have unquestionable character and integrity, and should be able to earn the trust and confidence of his people and lead them towards achieving the company's goals and objectives.

Nurturing supplier relationships is always important in business, and especially so in retail. What's unique about your approach?

Among the numerous lessons I learned during my apprenticeship many years ago is to always maintain good relations with vendors and suppliers. The relationship must be anchored on a win-win arrangement that will benefit all parties. Respect, understanding and truthfulness in dealing with one another must be observed at all times.

*"Our collaborative partnership has enabled us to bring the best products and services closer to the consumers. We share the same commitment in providing quality CSR projects in our communities."
– Manvendra Singh, Customer Development Director, Colgate-Palmolive Philippines*

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As an act of gratitude to our vendors and suppliers for their continued trust and confidence in us, we hold regular Partnership Awards where we recognise them as our invaluable partners. Their efforts have significantly contributed to us being the number one retailer in the Bicol region.

What do you love about Bicol?

I feel the camaraderie of being one with the Bicolano people. I know a lot of people in the area and I feel very comfortable. If I need to have some relaxation, I can easily hang around with them. Second, I love the weather here because it's not too hot, and it's peaceful, especially in our place in Tabaco City.

What is it about Bicolano customers that makes them different to other customers in the Philippines?

There is not much difference between the Bicolano customers and those from other places. However, being a Bicolano company,

knowing the local terrain, the social and cultural practices help a lot.

Our company's business model is to bring our stores closer to our customers. Our tagline translated from Bicol means, 'We are at home at LCC'. The idea is to give our Bicolano customers a shopping experience comparable to the big malls in the country, and have it right at their doorstep. Our stores can provide quality products, goods and merchandise away from the hustle and bustle of the urban centres and cities. Customers can also save on transportation costs, savings they can use to purchase other basic commodities. We also hire local residents to work in our stores in order to help improve the economic condition of Bicolanos.

Do you intend to expand your operations beyond the Bicol region?

Yes. After optimising our presence in the Bicol region, our vision is to expand to other areas in the country over the next three to five years. »



What's the best piece of advice you could give to someone aspiring to be a CEO or business entrepreneur?

Don't be discouraged by or afraid of failures and challenges. Failures are part of the journey towards success, because what you learn from those failures is usually an important part of the equation in running a successful business.

I would also encourage them to read inspirational books written by famous authors and business gurus, but only after they realise that success involves a process, and that process involves time and effort.

I understand that reading inspirational books is something you enjoy doing when you have some spare time.

Yes, absolutely. I enjoy reading biographies of famous people, especially successful business people with multibillion-dollar business empires, and understanding what they have been through, their failures, before attaining success. I usually find very helpful insights

that can provide me a lot of lessons, not just in business but in life outside work as well. It's good to learn from your mistakes, but it's much more prudent to be learning from the mistakes of others.

You mentioned earlier about not being afraid of failure. What have you learned from the times when something might not have gone as planned?

I've learned that waiting for an extended period to see out an investment decision to the end is a must. I would say the period normally ranges from two to five years, but on average three years. This means, every time you start a business, there will be times when the results you're after will take much longer. Hence, the virtue of patience really counts. You cannot realistically expect enormous profits in your first year of operation. There are times when you will incur losses, so you should allow for that without having to compromise on achieving other important business goals.

*"LCC's motto, 'At Home Kita Digdi,' is at the heart of its daily operations. Its collaborations with Unilever always make sure that we provide shoppers the best experience in all of Bicol."
- Joseph Santamarina, Area Channel Distributor Manager, Unilever Philippines*



“It’s good to learn from your mistakes, but it’s much more prudent to be learning from the mistakes of others.”



On the LCC website, it says that LCC sticks to ‘the Filipino entrepreneurial spirit’. What does that mean?

It means that Filipinos have lots of creativity. Another thing Filipinos are good at, particularly when it comes to business, is their willingness to learn new things. They’re resourceful and serious when they need to be, but easygoing as well. That’s what I think the Filipino entrepreneurial spirit is all about.

How has the retail industry changed in your experience over the years?

Consumers today are really discriminatory in their preferences. From time to time we also try to improve and upgrade our product line, because consumers’ buying habits inevitably evolve.

For example, they’re now looking for merchandise that is modern but may not necessarily be very expensive. Especially with fashion items, they prefer to change the product often rather than use it for a long time.

Is that just in fashion or have you found that customers have become more fickle in other areas of retail as well?

It’s not just fashion; with food items, consumers are now choosing healthier alternatives. They’re now more aware of products that can give them the right nutrients their body needs. Gone are the days when unhealthy foods were tremendously popular. I think a lot of it has to do with the large increase in people’s disposable income.

What are some major challenges that the Filipino retail industry faces?

The Philippines has become much more integrated with ASEAN over the years. Industry players from the other ASEAN countries are becoming more competitive in the local market, which is a major challenge. »



Monde Nissin congratulates LCC on their 73rd Anniversary!

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AN LCC SNAPSHOT

LCC was founded in 1945 as Liberty Bazaar, a dry goods store in Tabaco province of Albay, Bicol Region, Philippines. A second store opened shortly after. Both stores burned to the ground in a fire in 1977.

The first LCC branch opened in Legazpi City in 1981. Since then, it has expanded to different cities and municipalities in the Bicol Region.

LCC Group currently owns 74 outlets in different business formats, ranging from malls to department stores, supermarkets, convenience stores and food outlets. The company was incorporated in order to pursue expansion plans.

Ayala Malls, in partnership with LCC, opened its first shopping centre in the Bicol Region in 2016.

The other challenge we face is the change in the generational mindset of the labour market. The millennial generation, especially those on the younger end, seem to be more impatient. They tend to not stay long in one workplace or one project, and they always look forward to having new work. They're not willing to put in the hard yards to see the results. They want the rewards straightaway, and look for instant gratification.

How is that affecting your business, and what sort of measures is LCC putting in place to address that problem?

Currently, turnover rates have become a bit higher. To remedy this, we have to enforce training programs explaining to the staff the benefits of improving their mindset, and that instant gratification may not be possible all the time.

What new projects or initiatives are you putting in place to further business growth?

We continue to look for communities we can serve and open additional markets and outlets to cater to new customers, thereby also giving them the opportunity to shop in a modern environment with a wide variety of quality goods and merchandise at reasonable prices, as well as a delightful shopping experience comparable to big malls and establishments in urban areas.

What is next on the horizon for LCC? What are you looking to achieve in the medium term?

Our goal is to be able to open our hundredth store by 2020, and hopefully many more. I also hope to be a publicly listed company some day. ■



Continuous CONSTRUCTION

Since 2008, brothers Alex and Allan Chua have been responsible for running their family's businesses. Now, both are pondering whether to pass those businesses down the bloodline to their children.

WORDS ADRIAN FLORES • IMAGES RAY AND MAY PHOTOGRAPHY

Allan Chua has three children: two sons and a daughter. Being the good family members they are, they regularly drop by the office of LH Construction and Machinery, a Singaporean crane and heavy machinery supplier. Often it's to help out with the paperwork. As CEO, Allan is grateful. "We do this because they're going to take over the business in the future," he remarks.

But Allan is of two minds. Should he encourage his children to work full-time in the family business, growing its fortunes, or should he let them pursue their own career paths in life? His brother Alex, CEO of Lian Hup Brothers – another one of the family's businesses – is of the same mind. "Of course, it depends on their passion and what kind of profession they are looking for," Allan says. "If they tell me 'Daddy, I don't want to work in this environment or this industry', I will not force them. I believe sooner or later, they will come back to us. I just don't want to rule my children out of working for the company. Alex feels the same with his children. These are our family »





LH Construction and Machinery has been providing equipment for the Formula One Singapore Grand Prix since 2012.

businesses. They are family. I would love for them to be involved.

“But I don’t like putting it that way, because then I’m preventing my children from living out their own dreams, especially at a young age. Perhaps the best approach then is to let them work elsewhere first, but of course I’ll tell them, ‘If you want to come and work for me, my door is always open.’”

Allan’s view comes from personal experience. Growing up, he developed his passion for heavy machinery after watching

both his parents work in LH, known then as Lian Hup Brothers, for more than 40 years.

“It began with small machinery. From there, I became more interested in heavy machinery,” says Allan. Starting from ground level as a mechanic, his career then moved to operations, followed by sales and marketing. After that, Allan decided he wanted to do something away from the family operation, working for businesses both in Singapore and abroad. He spent four years perfecting his sales and marketing skills at a firm specialising in the auctioning of heavy equipment before rejoining LH in 2005.

The experience allowed Allan to return with more and varied experience, making him better equipped to take on the challenges that lay ahead for the company. It also gave him a mentor in Steven Poh, who was the Chairman of Asiagroup Leasing Pte Ltd. “I still keep in touch with him almost every week,” Allan says.

The LH family business has grown to 160 members, many more than the three it

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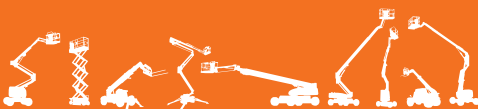
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From left: CEO and Founder of LH Construction and Machinery Leasing Pte Ltd Allan Chua; CFO Seah Siew; Chairman and Founder Chua Kim Seng; CEO of Lian Hup Brothers Pte Ltd Alex Chua; and Director Chua Ah Lee.

50 YEARS OF THE CHUA FAMILY BUSINESS

1968 – Lian Hup Brothers is founded as a trader and repairer of motorcycles

80s – The company begins importing trucks and machinery, both for local use and for exporting overseas

1980 – It is incorporated as a private limited company, and is now known as Lian Hup Brothers Pte Ltd

1983 – Poh Soon Seng Credit Pte Ltd begins a financing loan service for the hire/purchase of new/used trucks and heavy equipment

1998 – LH Engineering and Equipment Pte Ltd is incorporated and begins leasing land

2008 – LH Construction and Machinery Leasing Pte Ltd is incorporated

2012 – The fleet of machinery exceeds 2,000, while the number of employees reaches more than 150

2015 – New machinery is introduced: the JLG1850SJ Ultra Boom Lift; and the Liebherr All Terrain Crane LTM1300-6.2

had when it was founded in 1968. “We help each other like family,” Allan remarks. Most important in maintaining the LH family vibe, according to Allan, is in making every effort to prevent internal conflict or politics. “If you have internal conflicts, the company will not make money. It’s very simple,” he advises. “We are always meeting up to clear any issues we might have. The key is speaking face-to-face and directly rather than keeping quiet or talking behind their backs.”

As a landmark fiftieth anniversary approaches, LH wants to cement its place as Singapore’s one-stop supplier of heavy machinery. Most recently it was discussing a second four-year contract to provide machinery for the Singapore Formula One Grand Prix and to be one of the sponsors.

“I love cars. They are one of my other passions,” Allan says. “This is a big international event. I’m very proud that we might be involved in a meaningful way.” Allan knows there are a couple of missing pieces that need to be filled before the LH picture is complete. “Over the next couple of years, we are planning to bring in more equipment that we currently don’t have. We are going to bring in new, innovative machinery for companies that need it.”

Regardless of whether or not Allan’s children continue their involvement in the family business, he has two conditions for whoever ultimately takes over from him. First, they have to be more capable than him. Second, they naturally have to fit in with the LH business family. “The company is not made up of one person. Every one of us is putting all our efforts in,” Allan points out. “The person who will eventually take over from me will have to understand our culture; how we do business, and how we take care of our employees.” ■

“LH has always had an appetite for the latest models from JLG and a tenacity to differentiate themselves by engaging the JLG brand. The synergy forged will give LH the edge to become one of Singapore’s major providers of MEWPs.” – David Border, Regional Director Sales and Market Development SEA, Japan and Korea, JLG Industries

AIRPORT Guru

Eddie V Monreal has transformed Manila's international airport from one of the worst in the world, into a welcoming facility with efficiency and customer convenience at its core.

WORDS HOLLY JOHNSON • IMAGES JASPER SALCEDA

Between 2010 and mid 2016, Manila's Ninoy Aquino International Airport (NAIA) was notorious for being one of the worst airports in the world. A source of great shame for the nation, it caused untold inconvenience and worry for more than 32 million passengers each year, with 53 per cent of flights delayed due to poor runway management. Also lacking were basic navigational systems, air-conditioning, waiting benches, back-up generators, and clean amenities. This era of disgrace came to an end when Eddie V Monreal took over as General Manager of Manila International Airport Authority (MIAA) in July 2016.

As a government-owned and controlled corporation, MIAA is responsible for the management of the four-terminal NAIA, located approximately seven kilometres south of Manila. The airport is the main international gateway for travellers to the Philippines and serves as a hub for Cebu Pacific, Philippines AirAsia, Cebgo and Philippine Airlines. NAIA works alongside the smaller Clark International Airport, which caters to low-cost carriers through its inexpensive landing fees. By 2020, MIAA aims to be the leading organisation in airport development and management. In pursuing excellence in customer service, world-class facilities, and high-quality security and safety standards, MIAA encourages international »





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and domestic air travel to promote the Philippines as a centre of renowned trade and tourism.

This year celebrating four decades in the aviation industry, Eddie has cemented his reputation as an airport guru in South East Asia. He started work at Cathay Pacific in 1982 as a Traffic Officer. Rising through the ranks, he was appointed Station Manager in 1996 until his retirement in 2014.

It wasn't long before Eddie was pulled back into the industry as a consultant for MIAA during the launch of a new and improved administration, and in 2016 he was appointed General Manager based on his unrivalled knowledge and insight.

“These varying roles have helped me to understand the ins and outs of the airport – I know where to start and what challenges to look for. Having been in the private sector for most of my career, it's been quite a change to work for the government,” observes Eddie.

“Decisions cannot be made autonomously here and there are a lot of procedures to work through – especially in terms of maintenance, operations and execution – before we can come to a solution. Our office has a different work ethic and a different set of responsibilities, and I have tried to complement the government's desires with our offering. I have also tried to inject the same culture I learned from my time in the private sector.”

Among Eddie's many reforms was the revival of the Airport Security Centre in coordination with the Police Aviation Security Group, and the creation of a central desk connecting all departments to provide immediate response to passenger requests or concerns. To address the problem of

congestion MIAA partnered with the Civil Aeronautics Board and the Civil Aviation Authority of the Philippines to introduce restrictions on general aviation and aerial works traffic at NAIA, minimising delays and increasing the number of commercial flights per hour. This has resulted in a massive increase in the frequency of on-time departures from 47 to 80 per cent.

“We have restricted general aviation to a certain period in the day and we are in the process of moving these activities to a completely new terminal. However, this can only be done during a very small window of time,” says Eddie. “When I first started, the most important task was to uplift the morale

of the people working at the airport. We needed better structure and openness. I have also been working hard to improve the customer experience, and you're now able

“These varying roles have helped me to understand the ins and outs of the airport.”

to see the distinct changes and improvements. I have aimed to build efficient services and ensure timely responses to matters that need special attention.”

To enhance passenger convenience, MIAA has installed new waiting benches; repaired baggage conveyor belts and air-conditioning systems; and has given passengers the option to use regular taxis and buses as well as the official airport taxi. “I measure success by the positive feedback we receive from the public. Currently, many airports aren't known to be very hospitable,” says Eddie. “In terms of customer service, we are in the lead because our service comes from the heart.”

He may have overcome great adversity so far, but Eddie is not short of challenges. According to the International Air Transport Association (IATA), Manila's population of 25 million means that the country requires an airport with a capacity to handle 100 million passengers. Despite being designed for a capacity of 30 million passengers per year, NAIA's passenger volume topped 40 million in 2017. IATA has recommended that if »

space restriction is preventing NAIA from being developed into a multi-runway hub, another site must be found in close proximity to Metro Manila where an airport with two runways could be built and expanded. Until the government decides on further action, Eddie is under the pump to enhance the capacity of NAIA, optimise the runway, and develop Clark as a secondary airport in Manila.

“There are a growing number of operators and airlines that would like to operate here in Manila,” he says. “The demand has always been there but the question is, how can we improve runway efficiency given our restricted space capacity? That’s why we are leaning on Clark Airport for support,” explains Eddie. “We only have one runway in operation and so we are investing heavily in measures to improve its efficiency. To decrease congestion, we have implemented the five-minute rule, which means that if pilots aren’t ready within five minutes of us requesting

clearance, they go to the end of the line – we’ve put some order to it.”

A number of major improvements are currently in MIAA’s pipeline, including refurbishing Terminal 2 and upgrading the food court. Eddie has also set in motion the long-awaited construction of rapid exits in the runways totalling PHP300 million; the acquisition of a Stop Bars signalling system to guide aircraft to gates; and the installation of a high-resolution CCTV system. “There are some big-ticket decisions that have to be made to create the airport of the future. We’re looking at an airport that is being built for decades to come.”

The relationship MIAA has with its partner airlines, ground-handling agencies and infrastructure providers is vital to the

“The MIAA leadership is all about collaboration and cooperation with its stakeholders. As industry partners, MIAA has been a key in the exponential growth in air travellers through the years. We look forward to a more fruitful relationship with MIAA.” – Atty. JR Mantaring, Vice President for Corporate Affairs, Cebu Pacific



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25

International Destinations

Bali, Bangkok, Beijing, Brunei, Dubai, Fukuoka, Guam, Guangzhou, Hanoi, Ho Chi Minh, Hong Kong, Incheon, Jakarta, Kota Kinabalu, Kuala Lumpur, Macau, Nagoya, Osaka, Shanghai, Siem Reap, Singapore, Sydney, Taipei, Tokyo (Narita) and Xiamen

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Philippine Destinations

Bacolod, Boracay (Caticlan), Butuan, Cagayan de Oro, Calbayog, Camiguin, Cauayan (Isabela), Cebu, Clark, Coron (Busuanga), Cotabato, Davao, Dipolog, Dumaguete, General Santos, Iloilo, Kalibo, Legazpi, Manila, Masbate, Naga, Ormoc, Ozamiz, Pagadian, Puerto Princesa, Roxas, San Jose (Mindoro), Siargao, Surigao, Tablas (Romblon), Tacloban, Tagbilaran, Tandag, Tawi-Tawi, Tuguegarao, Virac and Zamboanga

Just go!





management and ultimate success of the airport. “We treat our airline partners as allies. It’s a very stable partnership with an open-door policy, and together we address concerns for the benefit of all customers. Without successful airlines, we’re not a successful airport,” says Eddie. “We give the airlines as much access as our limited capacity allows.

“We have an extensive supply chain in each department throughout the airport but most important is the supply chain that ensures the highest security for our guests. We continue to work with the supplier that installed the product or service initially, so they have been with us for a long time. We also have strong relationships within NAIA’s leadership team and with government, customs, immigration and quarantine. This has helped us increase customer service satisfaction and the smart flow of operations.

“In the past, Manila was once referred to as the worst airport in the world and we are determined to create a new image for NAIA as a friendly and efficient airport.” ■

PRIVATISATION UPDATE

In February 2017, a massive public-private partnership (PPP) auction to expand and privatise the operations of Manila’s NAIA was put on hold as the government decided to first develop a comprehensive air gateway master plan. The winning bidder for the airport PPP project will improve all existing NAIA terminals, covering both landside and airside, to meet the standards of the International Civil Aviation Organization. Likely bidders include the country’s oldest conglomerate, Ayala Corporation; Asia’s Emerging Dragon Corporation; Metro Pacific Investments Corporation; and San Miguel Corporation.

IN 2016

MIAA OVERSAW:

- 103,327 international flights
- 154,986 domestic flights
- 39,516,782 passengers

A mission to fulfil

Manila Water Company provides clean drinking water for more than six million people in the East Zone and it's not stopping there.

WORDS **HOLLY JOHNSON** • IMAGES **MANILA WATER COMPANY**

The true value of water is realised only when there is a lack of it. This reality was once a way of life for millions of Metro Manila residents. Before 1997, the capital's water supply was in disarray, with many families too poor to afford the resource. Unable to provide the services needed, the Philippine government enacted the National Water Crisis Act in 1995 – turning water operations over from the government-owned Manila Waterworks and Sewerage System (MWSS) to the private sector. Two years later, Ayala-led Manila Water Company took over the East Zone of Metro Manila under a Concession Agreement granting it exclusive rights to the land and facilities used for water production, treatment and distribution, and the rights to the sewerage system.

For over 20 years now, Manila Water Company has been the exclusive provider of water and wastewater services to more than six million people in the East Zone. This encompasses a range of residential, commercial and industrial customers in 23 cities and municipalities spanning a 1,400-square-kilometre area. »



Playing a major role in the company's success since 2011, Ferdinand Dela Cruz was appointed President and CEO in April 2017, responsible for overseeing Manila Water's financial and operational growth within its service and expansion areas. Since 2015, he has been COO of Manila Water Operations and President of Manila Water Foundation and the company's innovation arm, Manila Water Total Solutions. Ferdz, as he is fondly called by his colleagues, also holds an important position as Managing Director in the Philippines' longest running and largest conglomerate, Ayala Corporation. Prior to this, he held senior leadership roles at Globe Telecom, Kraft Foods Philippines, Ayala Land, San Miguel Brewing Philippines, and Unilever Philippines.

"After spending many years in fast-moving consumer goods and telcos, I decided to transition to an industry where I could do good and reconnect with my old engineering self," says Ferdz. "I found the business of Manila Water compelling because it means providing a vital core service to millions, including the marginalised sector. It's also an excellent example of a successful 20-year public-private partnership."

In the third quarter of 2016, Manila Water reached a substantial milestone – establishing one million water service connections throughout the East Zone concession. "What makes us so successful is our level of engagement with communities," says Ferdz. "Through our program 'Water for the Community', more than 1.8 million people from marginalised districts now have access to potable and affordable water supply. This includes subsidised connection fees and easy payment terms to ensure affordability. We have a lifeline rate of just US\$2 for those consuming 10 cubic metres or less per month." In addition to providing water supply, the program also creates solutions to stop widespread illegal connections in neglected settlements and thereby prevent water loss.

In recognition of its work through 'Water for the Community', Manila Water was awarded the 2016 Unilever Global Development Award for making a sustained

difference in transforming communities. In September 2017, more than 20 representatives from ASEAN financial institutions and key members from local and international companies visited the 'Water for the Community' program site to see an example of a successful leading inclusive business model in action.

The triple bottom line of business sustainability, corporate social responsibility and environmental advocacy is inherent in Manila Water's business, says Ferdz. "Taking care of the environment is crucial – it's what's providing the water," he comments. The company sources 97 per cent of its raw water from rivers, streams and lakes. Given this heavy reliance on surface water, protecting the watersheds that feed into the rivers and reservoirs is essential to Manila Water's operations.

Launched in 2012, Toka Toka, which literally means share or stake, is the first and only used water movement in the Philippines that advocates proper management of solid

MANILA WATER'S IMPACT HAS BEEN UNPRECEDENTED:

Improvement in 24-hour potable water supply coverage from 26 per cent in 1997 to 99 per cent in 2016;

Customer increase from 3.1 million in 1997 to 6.5 million in 2016;

Expansion of water mains and distribution lines with more than 5,000 kilometres of pipes, replacing nearly 90 per cent of the water network;

Reduction in water losses from 63 per cent in 1997 to 11 per cent in 2016;

Increase in volume of water delivered to customers from 440 million litres to more than 1.3 billion litres each day;

Consistent 100 per cent compliance in Philippine health and water quality standards.



“1.8 million people from marginalised districts now have access to potable and affordable water supply.”

and liquid wastes to help restore waterways in Metro Manila. These include three major rivers – the Marikina, San Juan and Pasig Rivers. A joint project between Manila Water and founding partners, the Asian Development Bank and the ABS-CBN Foundation, Toka Toka’s goal is to prompt people into embodying four acts: encouraging solid waste management and segregation; desludging household septic tank every five years; connecting all households to existing sewer lines; and educating the community on proper used-water management and the environment.

To assist with this massive undertaking, Toka Toka has fostered and strengthened partnerships with various national government agencies, local government units, and private companies and organisations. As of September 2017, a total of 33 partners committed to the movement and have developed various projects in support of a shared goal to clean up Metro Manila’s rivers. “We’re very happy that our partners embrace and share these values with us,” says Ferdz.

In February 2017, Manila Water launched its pilot Waste-to-Energy (WTE) project at the South Septage Treatment Plant (SpTP) in Taguig City. The first WTE facility in the country, the SpTP converts septage – a by-product of treating used water – into biogas, which is then converted to electricity. The project is a testament to Manila Water’s commitment to innovation, efficiency and to continuously elevate the company as a world-class water and used water services provider. In line with its Operations Zero agenda, the future full-scale system will fulfil more than 100 per cent of the SpTP’s power requirements, reducing greenhouse gas emissions by 267 tonnes of carbon dioxide each year and translating to an annual savings of approximately PHP17 million in the company’s power expenses.

“In 2016, my predecessor Gerardo Ablaza put into motion our intention to double our business. Therefore, my agenda has been focused on growth, education and ensuring that our service model can be replicated throughout the rest of the Philippines. It is our top priority to reach the remaining parts of the country that still require suitable water and sanitation services. We currently provide services in Cebu, Laguna, the Clark industrial estate, and in the island of Boracay. Our bulk water project is underway in Tagum, a town in southern Philippines and we have established a leakage reduction program »



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in southwest Mindanao,” says Ferdz. “Although our project pipeline is full, the third leg of our growth strategy is to begin exporting our brand and services throughout ASEAN. We have three thriving businesses in Vietnam and we are now the largest foreign and direct investor in the Ho Chi Minh and Vietnamese provinces water space.”

Manila Water has also made strategic inroads into Bandung in Indonesia, and Yangon in Myanmar, where it has reduced system losses by more than half. “These pilot projects prove that our business model is replicable and exportable to other countries,” says Ferdz.

The innovation arm of the company, Manila Water Total Solutions, is driven by its core strategy to develop, deploy and maintain water services and to create innovative products for existing and future customers. “We are now working with real estate developers such as Ayala Land and other large Philippine companies to enhance their value by providing services including water and

used water, financing, planning, operations and maintenance,” says Ferdz.

“Other projects include the Healthy Family Purified Water initiative, which distributes five-gallon and 500-millilitre purified water bottles through mainstream channels. What we’ve found is that a lot of our core capabilities and technical skills can be applied in other industries.”

In the first half of 2017, Manila Water posted a net income growth of three per cent, supported by a revenue expansion of four per cent. This growth was largely bolstered by its non-Manila concession businesses including Manila Water Philippine Ventures and Manila Water Asia Pacific,

“Working with Manila Water is challenging but satisfying. Mutually we seek high-quality efficient project outcomes on schemes which have a lasting benefit to the population of Metro Manila. Working with Manila Water allows us to exercise high professional and ethical standards.” – Raul Manlapig, Managing Director, The Philippines, Arup

Fruitful partnership creates lasting value

Image Libingan Ng Mga Bayani Sewage Treatment Plant



© Manila Water Company, Arup

“We encourage a culture of teamwork, attention to detail and a desire to excel.”

both established to manage projects in specific regions.

“Despite our success in the region, the regulatory environment continues to present various challenges for us,” says Ferdz. “In the case of the Manila Concession, we had a dispute with the previous administration that resulted in subsequent arbitration. This resolution process is all part of the concession agreement, but it is extremely time consuming and work is often delayed,” he explains. “As we move into other regions, we are discovering that international regulatory frameworks are very different and often underdeveloped compared to those in the Philippines, so we have to adapt to

the local rules if we want to establish ourselves there.

“Another major challenge we face is the fragmented state of the water sector. Right now, there are more than 30 separate entities making decisions regarding water in the Philippines. We’re one of the leading voices in advocating for reform within the sector to enhance service delivery and simplify the industry as a whole. We made very significant improvements in the water and sanitation industry in the Philippines and following our success, competition has arisen. Nevertheless, we continue to distinguish ourselves by our track record for high performance and our ability to consistently deliver on our promises.”

Caring for customers is indispensable to the way Manila Water does business. In 2005, the Manila Water Foundation was established as its corporate social responsibility arm, allowing the business to serve beyond the given mandate to provide water services in the East Zone. The Foundation is guided »

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Ferdz (centre) with the Manila Water senior leadership and management committees.

by the vision to enable change and uplift the quality of life of Base-of-the-Pyramid communities through sustainable access to water and used water services. Its three main focus areas include water supply and sanitation, water education, and community assistance and livelihood. “We also advocate for protecting water rates and making sure that wastewater is well taken care of within the communities,” says Ferdz.

To achieve these ambitions, Manila Water has developed a sustainability framework that operates from the inside out, starting with caring for and developing its employees. “The story of our employees is a hallmark of the company,” says Ferdz. “When we started 20 years ago, more than 90 per cent of our staff came from the government agency MWSS, and they formed the nucleus of our employee base. With our tools, training and incentives, they have been able to deliver outstanding results and have become the foundation of our success. Today, many of

them have risen to management level as senior executives and we are very proud of that transformation.”

Manila Water has also established a six-month Cadetship Training Program to provide qualified cadets with the opportunity for specialised training and work experience, designed to drive excellence in technical, business and management skills. Together with existing team members, cadets are guided by the company’s values of excellence, accountability, team orientation, social responsibility and integrity.

“These cadets now occupy top positions in the company and they have contributed a great deal. Over the years, we complemented this program by hiring outsiders who share our strong sense of mission. This selection and training process combined with the culture and work ethic of our people is a source of pride. This positive environment was palpable from the day I joined Manila Water seven years ago,” recalls Ferdz. “Every Monday, we start by singing the National Anthem, reciting our mission, and celebrating the successes of the week before. This is followed by a meeting with the top 100 managers where we collaborate and »

discuss issues pertaining to our business operations and our customers. This holistic work ethic flows through the entire company right through to our subsidiaries. We encourage a culture of teamwork, attention to detail and a desire to excel.”

Manila Water values its supply chain as a crucial business partner in providing water and used water services. The company encourages its suppliers to adopt sustainable business practices and to align their environmental protection policies with its own. “We have a strong and transparent governance and accreditation process in procuring services through our suppliers. We work with the best to give our customers the best,” says Ferdz. “When we were just starting,

“We take pride in working with Manila Water in its projects that support the Philippines’ nation building initiatives. They put high value on excellence and unwaveringly work towards providing its customers with high-quality products and services at all times.” – Jaime H. Patawaran, General Manager, JH Patawaran Construction Co.

we struggled to get contractors so we set up a development program and trained minor contractors to become major players. We nurtured them and helped them grow.

“Today, we attract world-class contractors due to the scale of our projects and the prominence of our brand.” In September 2017, Manila Water entered into a retail electricity partnership with Ayala subsidiary, AC Energy, to provide the most value through savings on power consumption costs. Ferdz firmly believes his customers will benefit from lower power cost and power reliability through the contract, which allows the company to run its facilities at a reduced rate.

“Our partnerships with contractors, suppliers and vendors have become deep and strategic over the years. Because we’re a regulated business and a high-governance company, we employ very strict standards in taking on a new supplier and we evaluate our contractors so that they know where they stand.” In accordance with its triple bottom

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line, Manila Water's 'Greening the Supply Chain' program aims to uplift the environmental performance of its vendors, providing them with training and assistance in cleaner production, energy efficiency, waste management and complying with environmental laws. Green vendor awards are presented to suppliers that successfully implement measures to lessen the environmental impacts of their operations, reduce business cost and provide a better workplace for employees.

"I'm the kind of leader who likes to listen. I work with my people to solve issues and learn a lesson in the process. I encourage them to come to every meeting with questions, ideas and recommendations. I help them to enhance their way of thinking and to be open to challenges. I'm very conscious of listening to voices other than my own." Ferdz places strong emphasis on psychological safety and creating an environment where his

staff feel comfortable to speak up. "I firmly believe that when people are free to express their views without judgement, that's when the best solutions and decisions are made. You must have the right people around you. As a leader, it is my job to provide the direction and resources needed for people to be their best." ■

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- 3.4 million laundry cycles

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RECHARGE! RECHARGE! YOUR BATTERIES

A new energy storage revolution is on the way, with batteries set to play a key role in satisfying rapidly emerging global demand for sustainable power.

WORDS · SAM MCKEITH

As nations and businesses endeavour to satisfy the world's ever-growing thirst for energy, an unlikely saviour could be around the corner – the humble battery.

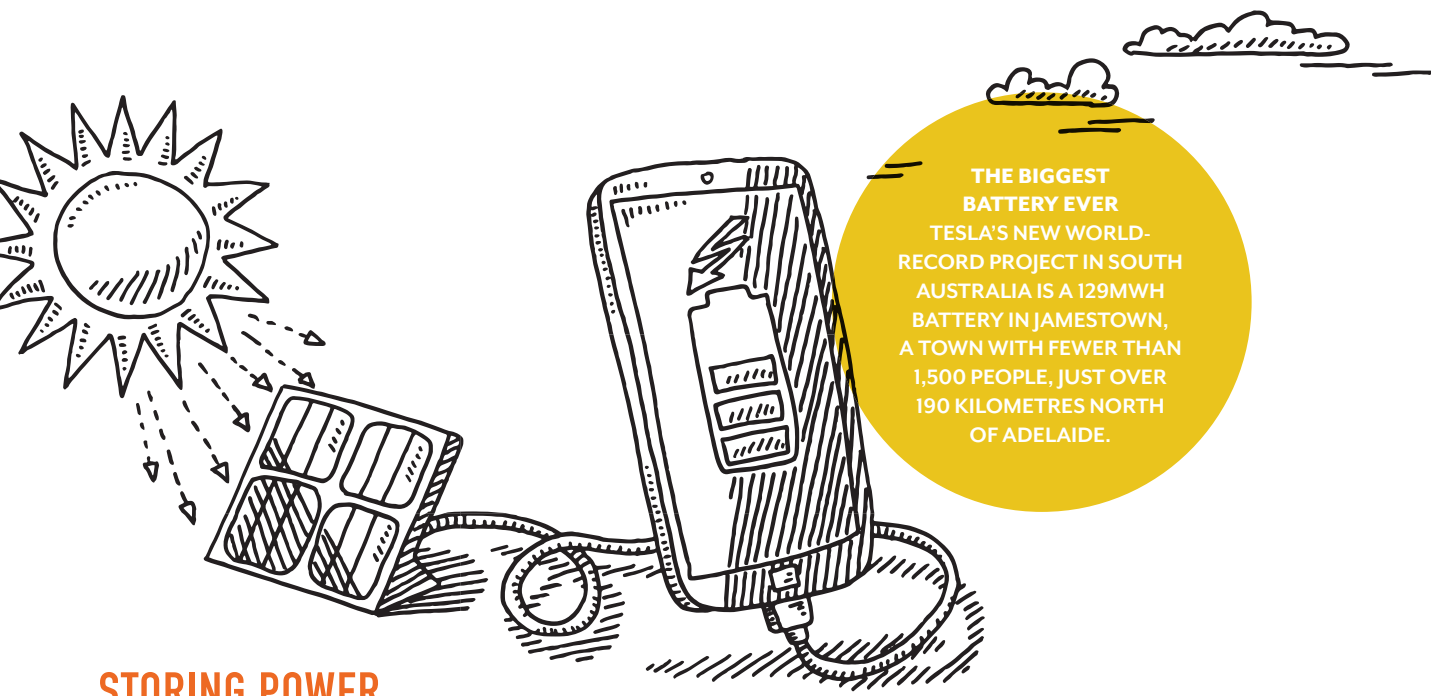
Batteries may have been around since the early 1800s, but it's only now that they're taking centre stage in the race to solve the planet's growing energy problem.

Thanks to progress in storage technology, coupled with a new focus on the potential of renewables, experts predict that batteries will soon comprise a substantial part of the power mix for millions of people around the globe.

Indeed, the revolution is already underway, with a recent study by GTM Research forecasting the value of the battery storage market in the US alone will hit US\$1.5 billion by 2019, up from just US\$128 million in 2014. »







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TESLA'S NEW WORLD-RECORD PROJECT IN SOUTH AUSTRALIA IS A 129MWH BATTERY IN JAMESTOWN, A TOWN WITH FEWER THAN 1,500 PEOPLE, JUST OVER 190 KILOMETRES NORTH OF ADELAIDE.

STORING POWER

John Wood, chief executive of energy storage business Ecoult, heads up one of the firms at the vanguard of the emerging battery power storage market.

Australian-based Ecoult – originally a subsidiary of the country’s CSIRO (Commonwealth Scientific and Industrial Research Organisation) – is currently commercialising its offering called the UltraBattery, which adds a supercapacitor to existing lead-acid battery technology.

According to Wood, recent progress in battery technology, especially in their capacity to operate more efficiently in a state of partial charge, has transformed them into viable energy storage options for advanced economies as well as for developing regions like India, Africa and South East Asia.

Used in conjunction with solar panels or diesel generators, Wood says battery storage can significantly cut power bills by taking homes and businesses off an existing power grid and onto their own ‘micro grids’.

“People are concerned about the cost of electricity and its reliability and they see that energy storage using

batteries complements renewables. Storage has managed to get itself recognised for the contribution it can make,” Wood says.

“It’s no use paying, say, 42 cents a kilowatt hour for retail electricity but then getting paid six cents for putting your own electricity back out on the grid – it’s better to put it in a battery, shift it in time, and use it when you need it.”

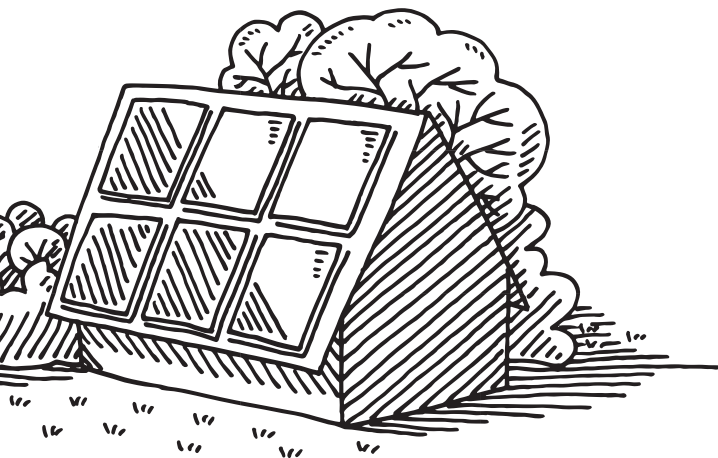
HIGH-PROFILE PROJECTS

Some of the biggest names in business are already on board. Tesla and SpaceX founder Elon Musk, for instance, has developed his own energy storage unit known as Powerwall, which has been rolled out to homes across the globe.

Similar to Ecoult’s offering, Powerwall is a reusable battery charged from power generated via solar panels. The unit, which currently retails for around US\$8,000 (including installation), saves money for users as it enables them to store excess electricity generated in the day for use at night, instead of purchasing power back from the grid.

Puerto Rico is one nation already benefiting from the breakthrough technology. After severe hurricanes devastated the Caribbean nation’s power grid in 2017, Tesla’s batteries and solar panels were deployed to build micro grids around the island, including at its main hospital, to keep essential healthcare services available for the nation’s 3.5 million power-starved residents.

Musk is not stopping with Powerwall. So bullish is the billionaire about the potential of battery storage that he has built the world’s most powerful lithium ion battery in South Australia to assist the state’s



underperforming energy grid. The project, which comes with a price tag of at least US\$40 million, will be operated by Musk's company along with French wind farm developer Neoen.

The battery stores energy from a nearby wind farm run by Neoen, with the project predicted to be powerful enough to provide electricity for more than 30,000 homes, taking pressure off the state's blackout-prone system.

MORE THAN HYPE

Tesla, however, is far from the only large player in the emerging sector. Other major makers like LG, Nissan, Panasonic, SolaX and the UK's Oxis Energy are also bringing products to market, while AltaGas and AES Corp recently rolled out some of the largest battery storage facilities ever built in North America.

Nigel Morris, from renewable energy consultancy Solar Analytics, says one factor previously holding battery storage back were initial on-site set-up costs.

Morris, an industry veteran with 25 years' experience in the solar market, says large site-specific installations can still run close to US\$80,000 but that higher electricity prices in many parts of the world are causing battery storage to become a more financially viable option.

In Australia, for instance, Morris estimates that the number of units has surged in the past five years from around 600 to 20,000 as their return on investment has improved. He says while most growth has been in the household sector, more firms are finding that it makes good financial sense.

"Most of those systems are installed in homes not businesses, however there are an increasing number of businesses that are willing to make an early investment in it or who can make the case stack up now," he says.

"It's pretty consistent that the payback is still around 10 years on a battery bank, but it's getting better all the time."

He advises that firms should look at three factors before proceeding.

"Adding storage in many sectors is starting to make sense where there's a correlation between the size of the power load, the time of the load and the solar generation – if you get the combination of factors right it can really add up."

BEING READY

Research Analytics' Gero Farruggio is even more upbeat about the new technology. Farruggio, a renewables expert, believes both large and small businesses should prepare for batteries playing a "key role" in future power solutions.

He predicts that the use of batteries storage will be commonplace within a decade as policy makers continue to shift focus from fossil fuels to renewable energy sources.

While the tech is currently most popular in highly advanced industries, like the personal communication sector, he says "all businesses should be battery ready".

"For some industries it will be as disruptive as the electric car, for others it will present new capabilities and offerings," Farruggio adds.

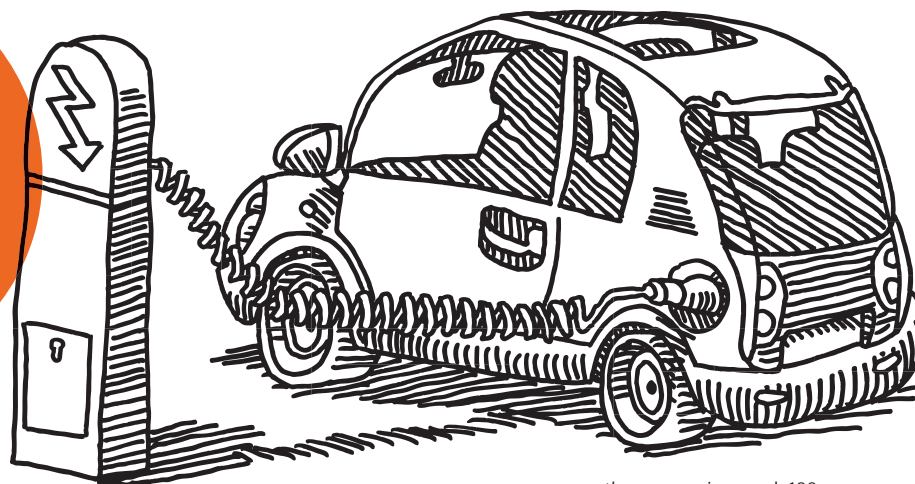
"These energy sources are not limited to helping industries transition to a low-carbon world but are also improving efficiencies and productivity.


"We're seeing more industries turning to batteries to reduce costs and improve pricing predictability in an increasingly volatile energy market."

He believes that while the economics may not seem to make sense for all applications today, "for companies planning five years ahead it will be compelling". ■

A GROWTH MARKET

WORLDWIDE, THE TOTAL AMOUNT OF BATTERY POWER STORAGE, EXCLUDING THE ELECTRIC CAR MARKET, COULD REACH 240 GIGAWATTS AND US\$400 BILLION BY 2030, ACCORDING TO A REPORT BY CITIGROUP.





“We always have an eye on what’s happening, not only in China, but also in the US, ASEAN, Europe and Japan.”

Data DOMINATION

What started as a domestic business in Tokyo has grown into an international IT services platform. Now, NTT DATA is focused on cornering the China market.

WORDS HOLLY JOHNSON • IMAGES DANIELE MATTIOLI

For more than 50 years, NTT DATA has played a pivotal role in building and advancing IT infrastructure around the world. Today, it is a leading IT services provider and global innovation partner headquartered in Tokyo, with business operations in 52 countries. The company has a wealth of enterprise application experience across sectors including manufacturing, finance, telecommunications, logistics, retail, and public administration. With a focus on innovation and the principle of 'quality first', the company works to improve the lives of people, communities and societies around the world. In line with its vision to become a global IT innovator, NTT DATA has been aggressively expanding its overseas business since 2005, now employing more than 111,700 people from diverse cultural backgrounds. To take its operations to the next level, in 2011 the company merged its two Chinese subsidiaries – NTT DATA (China) and Beijing NTT DATA Systems Integration – to form NTT DATA (China). This unification of the development and sales functions allows for quicker responses to the needs of local clients in China, making it even easier to actively market NTT DATA products through the company's 14 offices in the region.

Under the leadership of CEO Yoshio Matsuzaki, the company's mission is to strengthen local business in the China market and make use of development resources, not only for offshore projects commissioned by Japan, but also for local businesses. After joining NTT DATA in Tokyo in 1986, Yoshio left in 2001 to work in leadership positions in several American computer security companies based in Tokyo. He returned to NTT DATA eight years later, and was soon sent to spearhead its burgeoning China business. »

“In Japan, it’s very rare to leave a company and come back to it later. However, my presence in the organisation has been highly valued and it has been a very rewarding experience,” explains Yoshio. “I arrived in China in 2012 during a territorial dispute between China and Japan that created massive political tension between the two countries, so it was a tough environment to work in. However, because NTT DATA is funded mainly by mandates from Europe and the US, we were able to develop the business with the help of multinational companies rather than Japanese companies, which were banned for a number of years.”

In response to accelerating globalisation, in 2005 NTT DATA created a new vision to become a global IT innovator by not only changing IT, but also using it to change the world. Yoshio aims to uphold the ‘One Team One NTT DATA’ business approach by enhancing creativity, respecting diversity, and combining global reach with local intimacy to provide premier services to its customers

in China. “To compete with local and international players, innovation is crucial and we always have an eye on what’s happening, not only in China, but also in the US, ASEAN, Europe and Japan.

“Originally a domestic company based in Japan, NTT DATA is a relative latecomer to the China market. It has been a challenge to build our presence and establish a strong relationship with customers in China because it’s a completely different culture. Their expectations change frequently and the scope is not as clear. Our global competitors such as IBM, Accenture and Deloitte all have well-established, baseline businesses on which to build.

“On the other hand, NTT DATA is still quite new, and our knowledge and experience is very fragmented, so we try hard to work together as one team. While some of our competitors in China don’t work well with the US, Japan or Europe, we are very flexible in meeting customers’ requirements and we are in constant communication with

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our overseas offices. This makes a big difference to our customers.

“The speed of technological change in China is fast – for example, the rise of smartphones and the popularity of online payment as opposed to cash handling. Many companies have tried to use new levels of technology to take advantage of these changes. Our team in China is still relatively small so our partners are very important – they strengthen our business, complement our offering, and help us keep up with industry trends. We can’t do everything on our own, so we create opportunities for ourselves and our partners.

“My philosophy is to hide nothing: I am completely open with our shareholders during the good times and the bad. By doing this, I hope they understand the reasons behind my decisions,” explains Yoshio. “When we came to China, our business was almost invisible. We have been working hard to make it tangible and valuable so that one day we are in the top ranks. NTT DATA is currently ranked in the top 10 IT services providers worldwide, and we are aiming to reach the top five in the next few years.

“Traditionally, when you join a company in Japan, you are loyal to it and you stay there for life. This is rare outside of Japan – people come and go and they all have different backgrounds. To build a strong team, I believe it’s important to respect and understand these differences. NTT DATA has three values at its core: Clients First; Foresight; and Teamwork. We do annual ‘value activities’ outside our everyday business meetings where we align our business with our values. I was taught to ‘always look at things from the moon’. Our view is often very limited so we need to step back to fully understand the scope of the issue before we can find a solution.

“I tell my team to think from a customer’s point of view – what will bring them the greatest benefits. All too often, IT companies propose new technologies but tend to forget about what’s best for the customer. We put the customer first.” ■

NTT DATA HAS IDENTIFIED THE FOLLOWING 8 TRENDS EXPECTED TO HAVE THE BIGGEST INFLUENCE IN THE COMING YEARS:

1. Pervasive artificial intelligence
2. Conversational computing
3. Environment-aware robotics
4. Precision life science
5. Synthetic reality
6. Security for the Internet of Things era
7. Heterogeneity in IT infrastructures
8. Experience design innovation

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FIND OUT THE
COMMON FEATURES
SHARED BY THE TOP 10
CITIES IN THE WORLD.

- DIVERSITY THE KEY TO SUCCESS, P116

TEST SEMI

DIVERSITY THE KEY TO SUCCESS

In a business world where disruption is the new normal and the human factor the most critical resource for national competitiveness, diversity is becoming increasingly vital.

Engagement between people with different personalities, knowledge bases, experiences and perspectives is important for innovation and problem solving. This was reflected in the 2018 GTCI – an annual study developed by INSEAD, the Adecco Group and TATA Communications, ranking countries and major cities on their ability to attract, develop and retain talent.

SWITZERLAND HAS MAINTAINED ITS LEAD AT THE TOP OF THE 2018 GLOBAL TALENT COMPETITIVENESS INDEX (GTCI), WHICH LOOKS AT DIVERSITY FOR COMPETITIVENESS.

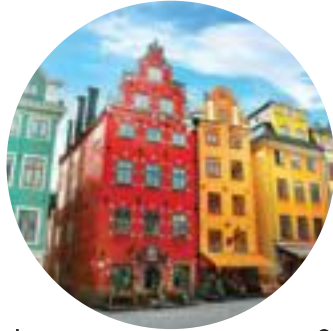
Switzerland has held on to its number one ranking from the previous study, with Singapore following at number two. The US bumped out the UK to get third place, followed by Norway and Sweden. Australia is at number 11. European countries continued to dominate with 15 in the top 25.

The top-ranking countries and cities shared several common features. Each had a flexible regulatory and business landscape, employment policies combining flexibility and social protection, and external and internal openness.

While the in-depth supplementary analysis of the report revealed how countries and cities are approaching diversity, it also revealed that diversity is not an end in itself. Targets and statistics cannot replace cultural acceptance and openness, and diversity must be accompanied by a culture of inclusion to flourish and have real impact.

TOP 10 CITIES FOR TALENT COMPETITIVENESS

1.
ZURICH

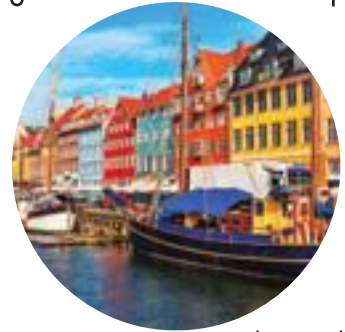


2. STOCKHOLM



3. OSLO

4. COPENHAGEN



5. HELSINKI



7.
DUBLIN



6. WASHINGTON DC



9.
PARIS



10.
BRUSSELS



8. SAN FRANCISCO



CAPTURING CHINESE UNICORNS

After reportedly being livid about the Hong Kong stock exchange (HKEX) missing out on the US\$25 billion IPO of Chinese ecommerce giant Alibaba Group, HKEX CEO Charles Li has been pushing to change the law in the region to scrap the 'one share, one vote' rule. Many of China's tech billionaires prefer to regain control of their companies with a dual-class share structure and are bypassing Hong Kong in favour of listing in the US.



BAD FOR THE ENVIRONMENT



Given the elusive nature of cryptocurrency, it seems hard to fathom the amount of energy it consumes on a daily basis. How can something that doesn't really exist, except online, harm the environment? The answer is mining. Bitcoin can only exist while there are miners to validate the transactions, and these miners need to race to solve complex mathematical puzzles to bid for the right to do so.

As bitcoin and other cryptocurrencies surge in both price and popularity as an investment option, enormous amounts of electricity are needed to fuel the whole thing. Vast banks of mining computers, 50% of which are said to be in coal-consuming China, are churning 24/7 to keep the bitcoin dream alive. According to Digiconomist's Bitcoin Energy Consumption Index, the cryptocurrency burns through 95,514,951KWh of electricity per day, which would power the entire country of Denmark.



¥36.45
MILLION
(US\$416,000)

The highest amount paid for a Bluefin tuna at Tokyo's famous New Year auction in 2018. Although the tuna was huge, weighing in at 470kg, that still equates to around US\$715 per kilogram.

"IF YOU LOOK AT WHAT YOU HAVE IN LIFE, YOU'LL ALWAYS HAVE MORE. IF YOU LOOK AT WHAT YOU DON'T HAVE IN LIFE, YOU'LL NEVER HAVE ENOUGH."
- OPRAH WINFREY



THE EMOTIONS OF MBOs

Private equity money is raising the popularity of management buyouts. But they pose not just financial modelling challenges but emotional challenges as well.

WORDS • DAVID WALKER

Management buyouts (MBOs) have rarely been more common. Interest rates are at their lowest in decades. And while big MBOs such as the 2006 attempt on the ASX-listed Qantas make the news, more private equity groups are now willing to invest in buyouts of businesses with yearly revenues as low as US\$8 million. Buyout specialists acknowledge, though, that an MBO remains a testing management and leadership challenge.

The mechanics of an MBO are straightforward. A small group of senior managers – ideally no more than five – takes over a business they already know. They bring in new equity and debt from specialist funds, and the original owner may take their payments over three or five years. The new owners push the business to perform at its absolute maximum, pay off some of the debt and later, perhaps, resell the business at a profit.

But that's just the rules of the game. What makes MBOs complicated are the high stakes involved. Buyer and seller both put a lot on the line, not just financially but emotionally.

AN MBO GONE MAD

FOR A PICTURE OF A GIGANTIC MBO GONE SLIGHTLY CRAZY, READ WHAT WAS ONCE DUBBED “THE BEST BUSINESS BOOK EVER”. IN *BARBARIANS AT THE GATE: THE FALL OF RJR NABISCO*, JOURNALISTS BRYAN BURROUGH AND JOHN HELYAR RECOUNT THE 1988 ATTEMPT AT A MANAGEMENT BUYOUT OF FOOD AND TOBACCO GIANT RJR NABISCO. THE ALSO-ACCLAIMED HBO MOVIE VERSION STARRED JAMES GARNER AND JONATHAN PRYCE.

UP TO THE CHALLENGE

Chairman of PKF Corporate Finance Asia-Pacific, Andrew Jones, says the team needs to be satisfied that the investment decision makes sense, and that “they’re not just doing it because the investment has been presented to them”. They also need the skill set to run the business in the absence of the owner, who often possesses unique relationships, knowledge and institutional memory.

And of course, they must agree on a plan for where they will take the business – a clear and persuasive document that will tell funders, employees, suppliers and customers that they know what they’re doing.

THE OWNER QUESTION

After the plan is hatched, a successful buyout needs a willing seller. As an investment adviser to clients large and small, Chris Brown has found an MBO group’s success is shaped by its relationship with the business owner. Many MBOs work because the owner no longer wants the hassle of owning a business, or must sell to fund another project. And owners who admire their management group far more often embrace the idea of a buyout when it is pitched to them, Brown says.

The seller’s initial enthusiasm is just a starting point, however. Selling owners have often steered the business for a number of years. During the sale process, they must reconcile themselves to the reality that the business will go on without them – that their baby has left home. Not all are able to do this.

Jones confronted exactly that problem as part of a buyout group. His initially keen majority owner began to have second thoughts: “A lot of his own personal identity was associated with that brand.” The best sellers, he says, want to step back and are clear on what they are going to do next in their lives.

SEEKING THE BEST PRICE

No matter how well the buyout starts, the owner’s thoughts will likely turn at some point to the question: is this the best price I can get? MBOs always invite this question, because the people with the numbers are also the people buying the firm. In particular, the owner may begin to wonder whether management has put its foot on the profits brake to make a buyout look more attractive to the owner, or is going soft on the projections.

Does management step back on the accelerator after a buyout? A survey of academic studies prepared by the former Melbourne Centre for Financial Studies (MCFS) in 2009 does not give a simple answer. And Brown points out that the same set of projections should be presented to present owner and buyout funders alike.

But the MCFS study contains a reminder that where there are non-controlling shareholders, board members are obliged to ensure the firm is not sold cheaply. That means a buyout team may quickly face a rival bidder.

A GAME FOR VETERANS

Brown has found that the easiest MBO transactions are those where the managers buying out the company have been running it for at least a couple of years without the owner. PKF’s Jones, who went through his own MBO experience in 2002; goes even further. At 31 he was, he says with brutal honesty, “too young and inexperienced for the role”. He suggests MBOs are generally a game for managers with at least 20 years’ management experience. Twenty-somethings may run start-ups, but MBOs belong to 40- and 50-somethings. ■

BETTER *together*

Powerful partnerships are at the core of Bermaz Auto Bhd's business.

WORDS HOLLY JOHNSON • IMAGES BERMAZ AUTO BHD

Bermaz Auto Bhd is a leading distributor of Mazda vehicles, spare parts and after-sales services throughout Malaysia and the Philippines.

Formerly known as Berjaya Auto Bhd, the company operates 10 sales, spare parts, and after-sales service centres; a body and paint repair centre; and more than 77 dealer centres.

For the past 10 years, Bermaz CEO and Executive Director Ben Yeoh Choon San has successfully led the company through periods of growth and fiscal challenges. Working with Mazda as its anchor partner, Ben has also aligned Bermaz with a number of long-term, mutually beneficial suppliers, allowing it to meet the ASEAN's strong demand for Mazda vehicles and first-class customer service.

"Our current supplier relationships are very strong – we understand each other perfectly and there has been good collaboration for many years. Our customers' expectations are constantly changing. Together with our partners, Bermaz aims to exceed those expectations," explains Ben. "As our business expands to reach new markets and regions, we are increasing the capability and scope of our suppliers.

"Our localisation program with Mazda benefits many local vendors in supporting industries. What benefits us, benefits them. While working with the local vendors, we have established collaborations between several Hiroshima vendors, creating

opportunities for joint ventures and technical assistance. This works to enhance the capabilities of the local vendors and bring them up to the same level as the international producers."

For the past decade, Ben and his management team – many of whom were major players in the turnaround of Hyundai in Malaysia, then owned by Berjaya – have continued to establish key partnerships. When Ben initially joined Bermaz when it was still Berjaya Auto, in 2008, he brought with him a number of strong suppliers from his previous tenure at Hyundai.

This included Malaysia-based Shin Hing Trading, which specialises in manufacturing doormats, car mats for original equipment manufacturers, PVC coil mats and rolls. "Shin Hing has been a loyal supplier of ours since the late 90s," says Ben. As the only professional PVC coil mat maker in Malaysia, Shin Hing was awarded a 'Pioneer Status' manufacturing licence by the government – allowing it to import duty-free raw materials and machinery, and thereby reduce manufacturing costs. With access to technology from its partners in Europe, mainland China and Taiwan, Shin Hing is able to manufacture high-quality products at a lower cost. "It is a reliable and financially strong supplier that has sourced various items for Bermaz," says Ben.

Delloyd Group of Companies is another business that has come a long way with Bermaz in supplying crucial electronic



“Our customers’ expectations are constantly changing. Together with our partners, Bermaz aims to exceed those expectations.”

components and accessories. “Together with our principal partners from Japan and Korea, we engaged Delloyd in a joint venture to ensure all electronic parts are manufactured and supplied with no issues regarding intellectual property rights.”

The partnership between Bermaz and J.K. Wire Harness Sdn Bhd has also further enhanced and strengthened the business of both companies through the sharing of knowledge and contacts. “I’ve worked with the team from J.K. Wire Harness for almost 20 years. We introduced them to our Japanese partners and they supply Bermaz with automotive wire harnesses,” explains Ben.

Then there’s APM Delta Seating Systems Snd Bhd – a 2016 joint venture between APM Automotive Holdings Bhd and Delta Kogyo Co. It develops, manufactures and assembles automotive seating systems for Mazda vehicles. “APM Delta has helped us in our initial localisation programs by supplying us with local car seats. What is most important is that the company is prepared to go into technical collaboration with our principal partners and the Japanese suppliers

they recommend,” explains Ben. “They’ve been extremely helpful in supplying automotive components including suspension systems, shock absorbers and other plastic items. They’re our major suppliers and one of our strongest supporters.”

To organise its regional and international suppliers, Bermaz looks to PKT Logistics Group to manage its supply chain. PKT offers its customers increased efficiency and reduced transit time, thanks to its ongoing focus on operational excellence and end-to-end management strategy. “PKT Logistics has been with us since we took on the Hyundai franchise. Also located here in Malaysia, PKT is responsible for importing our various components and managing the logistic activities for our exports to the regional market.”

With a vision to grow and bring further value to stakeholders, Ben comments that he plans to continue to explore new products and partnership opportunities that will complement Bermaz’s Mazda offering, now and into the future, as well as enhance its overall customer service experience. ■



FUDGING THE FIGURES

PRESSURE TO MEET TARGETS CAN DRIVE MIDDLE MANAGERS TO TWEAK THE NUMBERS. COULD YOUR DECISIONS BE BASED ON FALSE INFORMATION?

WORDS · DOMINI STUART

Your middle managers have achieved their targets and banked their bonuses. But what if things aren't quite as they seem?

A study by the University of Kansas School of Business suggests that middle managers who fear they might lose their bonus – or, worse still, their job – might be driven to falsify their results.

“Upper management was so focused on whether the unit was reaching its performance numbers that a kind of goal displacement occurred,” says study leader Niki den Nieuwenboer, an assistant professor of organisational behaviour and business ethics. “It led middle managers to do whatever they could to report the ‘right’ numbers which, in our case, involved getting their subordinates to do unethical things.”

The potential fallout from such fraudulent behaviour starts with the cost of paying out unearned bonuses and ripples out to a toxic culture, reputational damage and an undermined CEO.

“How can you lead a company if the performance information you get is fake?” says den Nieuwenboer.

ACHIEVABLE TARGETS

The current low-growth environment could exacerbate the risk of this fake news.

“If the share price depends on maintaining high levels of growth the CEO could be under pressure to over-promise and tell managers to do whatever it takes,” says Stephen Walmsley, KPMG Partner, Leadership, Performance and Reward. “The risk will be compounded if the managers have been receiving bonuses so regularly that they rely on them to maintain their lifestyle.”

The consequent anxiety can also take a physical and psychological toll.

“A certain amount of pressure is good as it keeps us on our toes and helps us to develop and grow,” says Dr Lynda Shaw, a cognitive neuroscientist and business psychologist. “But chronic stress keeps the body in a constant state of emergency, interfering with sleep and causing you to become moody, irritable and easily distracted. This is not a good state for optimal decision making.”

The most effective targets are a stretch but ultimately achievable.

“We find that many companies are internally focused and assume that, if their business grew by five per cent last year, it must be the same goal for this year. That’s not necessarily so,” says Walmsley. “It’s vital that you look at performance in the context of the broader market. If the industry is contracting you’d have to win a lot of market share to maintain the same growth.”

RETHINKING BONUSES

There could be a case for rethinking the whole bonus system.

“Bonus programs with prescriptive measures can blinker people,” says Walmsley. “If I say you need to lift profits by 10 per cent you’ll go all out to do it even if it would be more productive to lift profits by five per cent while setting up a lucrative 10-year contract or creating opportunities to grow by 15 per cent next year. You’re also likely to focus on the things that are

easiest to achieve rather than those that would be of most long-term value.”

When there are cascading performance measures throughout a company it’s possible for managers and employees to collude in hiding the real numbers from people upstream.

“It takes very close monitoring to be sure that someone isn’t overstating or changing the odd number to hit a target,” says Walmsley. “The bigger the company, the harder it gets, and it’s especially difficult when companies are dispersed regionally or internationally.”

As a motivational tool, bonuses may be better suited to the shop floor.

“Studies suggest they’re more effective for rewarding repetitive tasks than encouraging the skills we want to develop in our managers, such as anticipating and solving problems, and identifying opportunities,” says Walmsley.

And, while money is known to be an important motivator, it’s not the only one.

“Managers will feel more empowered to achieve what’s being asked of them if they understand how their contribution fits into the bigger picture and believe that it is recognised as both valued and valid,” says Shaw. “Setting targets should always be a team effort rather than an arbitrary imposition. People want to feel sure that their voices are being heard.”

THE RIGHT CULTURE

Ultimately, the way people choose to behave will be shaped by corporate culture.

“This will always reflect the way the company is being led, so the CEO needs to make sure their leadership style is articulated and understood throughout the organisation,” says Walmsley. “All employees need to feel confident that they’ll be treated fairly and that they can call out bad behaviour without being victimised. If they know that, as long as they’re doing their best for the company, they won’t be punished for something beyond their control they’re more likely to do the right thing.” ■

BONUS PROGRAMS DON'T NECESSARILY FOSTER MANAGEMENT SKILLS. THEY CAN ALSO MOTIVATE MANAGERS TO FOCUS ON SHORT-TERM GAINS RATHER THAN LONGER-TERM GROWTH.

“You have to WALK the TALK.”

Kuala Lumpur’s bustling city centre was once plagued by flooding and daily traffic gridlock. Then SMART came along.

WORDS HOLLY JOHNSON • IMAGES ROB WALLER

In 2007, Kuala Lumpur’s recurring flooding and traffic congestion problems were mitigated by a new ‘smart’ system. The longest and most technologically advanced tunnel in Malaysia, the Stormwater Management and Road Tunnel (SMART) was built under the supervision of the federal government and implemented through a joint venture between MMC Corporation and Gamuda with Malaysia’s Highway Authority and the Department of Irrigation and Drainage.

Stretching 9.7 kilometres and accommodating more than 30,000 cars a day, the dual-purpose tunnel lives up to its name. In the event of a flood, rainwater is diverted to its lower channel, while the upper level remains open to traffic, significantly relieving congestion at Kuala Lumpur’s main Southern Gateway. Over the past decade, SMART has created cost and time savings. Having already been used more than 200 times to divert

floodwater, the tunnel converts 15-minute commutes into four-minute trips and has saved billions of dollars in flood damage costs.

Now a key player in the enhancement and maintenance of the RM1.9 billion project, Sharifah Alauyah joined SMART’s headquarters, Syarikat Mengurus Air Banjir & Terowong, as COO in June 2016. Highly distinguished in the industry, Sharifah holds a postgraduate Diploma in Environmental Engineering from the Netherlands, a Bachelor of Science (Honours) in Civil Engineering from the UK, and a Diploma in Civil Engineering from Malaysia. Prior to her current role, she served water concessionaire Syarikat Pengeluar Air Sungai Selangor (SPLASH) for more than 15 years, following a period in the infrastructure and the environment sector. Backed by her diverse experience, Sharifah was instrumental in enhancing the operational efficiency of SPLASH’s water treatment plants. »



Sharifah identified opportunities to improve SMART's level of service to its users by providing enhanced comfort and a safe driving environment, as well as initiating several technological upgrades. "SMART is currently the only highway tunnel in Malaysia fitted with a minimum 3G signal. We have converted the conventional tunnel lighting to LED, completed in December 2017, and are working with telcos to upgrade tunnel communication systems from 3G to 4G, and implementing various cosmetic enhancements to provide further comfort for users," explains Sharifah. "The uniqueness of SMART is recognised on an international level and its past success in mitigating flood and congestion issues is a testament to its utility. We strive to exceed expectations and achieve sustainable returns for our shareholders, and we never compromise on our responsibility to effectively and efficiently manage tunnel operations."

Sharifah has seen rapid changes since she joined SMART in 2016, and always tries to

stay at least one step ahead of the fast-evolving transport landscape in Kuala Lumpur's city centre and the surrounding area. She has seen a trend in the use of transport systems such as Mass Rapid Transit, Light Rail Transit and convenient services such as Grab and Uber.

"These new competitors have significantly impacted the traffic on toll highways and in our tunnel system. To overcome this challenge, we think of out-of-the-box solutions as well as doubling our efforts to improve our level of service to tunnel users," explains Sharifah.

In the short-term, Sharifah's goal is to minimise traffic disturbance and leaks throughout the period of massive development around SMART's vicinity. As for the long-term, she aims to capitalise on the development to contribute to traffic volume through increased connectivity and traffic alignments. "SMART's primary function as a flood mitigation system has been the envy of other countries, with many looking to



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emulate the concept. Given the current unpredictable weather patterns in countries around the world, I expect this concept will become increasingly popular as a viable option to mitigate natural disaster risks in the future.”

The experience of SMART’s existing management team averages more than 10 years across a variety of sectors within the highway and transport industries. Sharifah believes having the right culture is vital because it shapes the way the team behaves when handling crises and how they strive to uphold the company’s reputation. “SMART values its people and the skills they possess, and our success is reliant on tapping into these skill sets. We have a pool of niche talent here at SMART who willingly share their knowledge and experience to assist in building our nation,” she says. “In my opinion, binding a team with a strong sense of loyalty and belonging to the company is crucial for SMART, so I encourage consistent engagement between management and employees. Good leadership means setting an example for your team – you have to walk the talk.”

For Sharifah, success is not measured by recognition, money, fame, or material possessions. “Success is about the people you’ve changed positively, both professionally and personally. I always instil in my team that we must continually provide the best level of service to our customers by looking at things from their perspective. Customer needs and expectations are always evolving so we must keep abreast of changes in demand,” explains Sharifah. “Our approach to this will always be consistent engagement. Once we have established a trusting relationship with our customers and the public, it’s much easier for us to tailor our corporate social responsibility initiatives to meet their needs.”

SMART was recently involved in a Chinese New Year Road Safety Campaign in collaboration with the Malaysia Inbound Tourism Association (MITA), as well as discounted tolls for major festive periods, and the annual SMART Tunnel Run.

Moving forward, SMART is working closely with its partners and suppliers to



deliver efficient and sustainable stormwater management, and a road tunnel that meets the needs of all users.

“We continue to explore opportunities for win-win partnerships and neighbouring developers to work with,” says Sharifah. “SMART’s recent partnership with TRX City (TRXC), the Tun Razak Exchange and Bandar Malaysia developer, is a good example, where two TRXC developments located at opposite ends of the tunnel will be directly linked.”

Sharifah says the partnership will enhance traffic infrastructure in the Greater Kuala Lumpur area, and will ultimately pave the way for further collaborations with other government-owned infrastructure players in the future. ■

INTERNATIONAL RECOGNITION

- In 2016, SMART was listed among CNN’s Top 10 World’s Greatest Tunnels.
- In April 2015, SMART was awarded the Kuala Lumpur Mayor Design Award for Infrastructure under the Engineering Category.
- In 2011, SMART received the UN-Habitat Scroll of Honour Award for its innovative and unique management of stormwater and peak hour traffic.

Best foot forward

As it stays on top of the latest trends in both fashion and manufacturing, Semasi is keeping pace with the growing global footwear industry.

WORDS SIMONE HENDERSON-SMART

A subsidiary of Indonesia-based Gunung Sewu Group, Semasi is an export-oriented manufacturer of dress and casual leather shoes for both men and women. Its international clients include Polo Ralph Lauren, Rockport, Sperry Topsider, Sebago, Lloyd and Chatham. Domestically, Semasi's own Gino Mariani is one of the leading brands in high-end department stores. The company has become well-known for the quality of its hand-stitched leather shoes, which makes both the original equipment manufacturer (OEM) and retail sides of the business a huge award-winning success.

Director Richard Hakim had previously worked for a Japanese shoe manufacturer where the importance of quality and timely delivery was impressed upon him. This has come in handy for building the reputation of Semasi on the international stage, where reliability is crucial for long-term OEM partnerships. »



When asked about the current challenges faced by the company, Richard says it's all about costs. "The biggest challenge is the labour costs," he says. "They just keep going up, whereas our buyers are asking for a cost reduction. It's extremely hard to keep both sides happy. We can't put our prices up, because we need to remain competitive. We have a lot of competitors in other countries. Not so much China anymore; most factories have moved into countries with cheaper labour such as Vietnam, India, Cambodia and Bangladesh."

In the short term, the company is looking at building up its Gino Mariani brand in the domestic market, by focusing on media campaigns as well as expanding its footprint. "We have already opened two stores," Richard says. "In the next 18 months, we will be opening another 10." He adds that the bricks and mortar retail stores will be augmented by a strong online presence, recognising the growing market for digital retail options.

"Once they decide they want to disrupt their product, we have our team work directly with them."

As far as other innovations go, Semasi will be expanding and modernising the manufacturing plant to improve efficiencies and try to reduce the cost-price ratio across its OEM business. Richard says that like its competitors, Semasi too may need to relocate to a place with cheaper labour costs in order to remain a key player in the market. Its Bogor-based factory is currently more than 12,600 square metres in size, running five production lines including cutting, stitching and assembly, as well as an 800-square-metre development workshop. All up, the company employs more than 3,000 people.

The workshop forms a crucial part of Semasi's key strength: agility. Richard says that



20 manufacturing processes
100 watering operations
With craftsman's spirit
High-end WHANAM genuine leather





BUSINESS IS BOOMING

A study published in September last year by Global Industry Analysts Inc reports that the global footwear market is predicted to reach US\$430 billion by 2024. It attributes this rise to six key factors:

1. increased participation in sports and fitness activities leading to an increased demand for athletic shoes;
2. an expanding middle class and rising disposable incomes, especially in Asia;
3. the rise in popularity of eco-friendly footwear;
4. the rapid pace of urbanisation in developing countries;
5. the emergence of new design and manufacturing concepts, such as 3D printing and custom-made shoes; and
6. a ballooning global population.

Semasi is staying on trend and meeting the speed to market that its clients are looking for. “Once they decide they want to disrupt their product,” he says, “we have our team work directly with them.” This also builds close relationships based on shared values of trust, integrity and innovation. This is something, Richard says, is an important focus for the business, as well as equipping staff with the skills required to deliver on Semasi’s commitment to the highest quality in manufacturing.

“We are firming up the organisation,” he says. “We are looking at improving our practices to increase operational efficiency. We have also developed a management training program for our leadership team.”

As Semasi strides towards the future, Richard is certainly aware that just like the footwear, the company itself needs to stay on top of current trends, embracing innovation in both machinery as well as industry practices, working closely with its suppliers and buyers. “We treat them as partners with excellent communication and a clear ability for understanding. So, if there is ever any problem, we always try to find a win-win solution.” ■

How to BEAT BURNOUT

We all have bad days at the office. But what if you're the boss, the one the company relies on to keep it together? What do you do when it all starts falling apart? You start investing in you.

WORDS • WENDY KAY

Burnout, defined originally as the reduction of fuel to nothing through use or combustion, applied more to engines than people. Today, however, 'burnout' conjures up a very human mental meltdown.

While stress is arguably a positive motivator, burnout is caused by relentless stress triggering constant depletion of mental, physical and emotional energy, disengagement, negativity and resentment.

The symptoms are broadly similar across the chasm from factory to boardroom, but are dealt with differently. Employees can vent in the lunchroom, go to HR, or use in-house health and wellness programs, whereas CEOs are committed to a more private world.

As high achievers, the journey to the top is driven by adrenaline and team support; however, once feet are firmly planted under the corner office desk, the view is different. Working largely in isolation, the responsibility to make revenue, please the board, troubleshoot and sign off on unpopular decisions can be overwhelming and stall the ability to move the company forward. Often, the boss is exposed to brutal public scrutiny, with mistakes catapulted virally within minutes and, at any glimpse of fatigue, vulnerable to attack.

Nan Dow, the head of Executive Practice at Sageco, an Australian RiseSmart company providing transition services, has spent more than 15 years getting inside the heads of CEOs to declutter and reconfigure their negative thoughts. She recalls one pivotal moment when she asked a high-profile CEO what more she could do to ease him through a very rough and public ordeal. »





“He said, ‘I just want to figure out how to be happy.’ We had to reconnect with the parts of his world he had neglected, discover his purpose, and create a new career that delivered on this.

“Being a CEO is a damn tough gig that is flippantly dismissed because people believe it goes with the territory and the money compensates,” Dow says. “But it’s lonely at the top, and the tougher it gets the lonelier it becomes. The path from stress to burnout is insidious. It starts with exhaustion and excessive overuse of energy, leading to despair, negativity, cynicism and feelings of hopelessness.

“The human body was only evolved for intense fight or flight situations,” Dow explains. “Adrenal glands release stress hormones such as adrenaline to help you cope with the threat at hand, giving you quick access to energy. Consistent, stressful workloads eat into the time for the things that rejuvenate us, and this triggers an imbalance and eventual damage as the neural circuits and structure of the brain are altered.”

Stress, dubbed by WHO as the health epidemic of the twenty-first century, is recognised as a global

phenomenon threatening productivity, retention and healthcare costs. The Global Organization for Stress reports that 60 per cent of workers in major global economies experience stress. While the annual costs of workplace stress in developing and Asian countries are yet to be quantified, they are estimated to be A\$14.2 billion in Australia, US\$300 billion in the US, £28.3 billion in the UK, €600 billion in Europe, and NZ\$1.45 billion in New Zealand.

Springfox, founded by Stuart Taylor as The Resilience Institute Australia, works with global organisations, governments and individuals to help senior management sustain their high performance.

“The CEO role isn’t really the taskmaster,” Taylor explains. “They should be looking at the bigger picture, being creative, being strategic, while others make sure things are on time. To get to their level, they need to have nurtured good resilience, but over time, after a few setbacks, they can start to doubt themselves.

“Initially I was surprised that CEOs wanted to work on their self-confidence, but it is pretty common. They stop being innovative, which is key to being CEO;

LUXE RETREATS

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GAIA RETREAT, AUSTRALIA

Award-winning Gaia Retreat is nestled in 10 hectares of Byron Bay hinterland in northern New South Wales, Australia. It was co-founded by Olivia Newton-John and offers an environment to refocus, rebalance and restore. Programs can be tailored to suit, with packages including De-stress, Weight-loss, Detoxify and Fitness. Awards include World’s Best Day Spa, Best Luxury Spa Retreat, and World’s Leading Retreat. Packages start at US\$900 for two nights.

gaiaretreat.com

CHIVA-SOM, THAILAND

Located 185 kilometres south of Bangkok in the royal city of Hua Hin, Chiva-Som International Health Resort is one of the world’s pioneering wellness destinations. The Emotional Wellbeing Retreat is designed to rejuvenate the mind, body and spirit by teaching guests how to control their stress, moods and overall wellbeing. It includes daily fitness and leisure activities plus individual wellbeing consultations. Packages start at US\$2,600 for three nights.

chivasom.com

instead, the big part of their brain that gives them that spark of originality shuts down.”

As a CEO who built and sold technology companies, James Green lost that spark. In 2010, after selling Giant Realm in New York, he lost motivation. Describing his previous holidays as opportunities to “work while being with my family in a pleasant environment”, he took a year off to sail the Atlantic with his wife and children. The voyage restored him, and while admitting he needs stress to keep him sharp, as CEO of Magnetic Media Online today he recognises that too much blocks his imagination and productivity.

Founder of HuffPost Arianna Huffington is another who redefined corporate success, launching Thrive Global, a worldwide network aimed at revolutionising the working culture from the top down.

Her now well-known wake-up call came a decade prior when she collapsed from exhaustion and woke up with a broken cheekbone and slashed eye.

“I asked myself, ‘Is this what success looks like?’ Our lives are fuelled by stress, while our relationship with technology has made it harder to take time off and

recharge. So I made changes to my life: more sleep, yoga and meditation, and less gadget time,” she said.

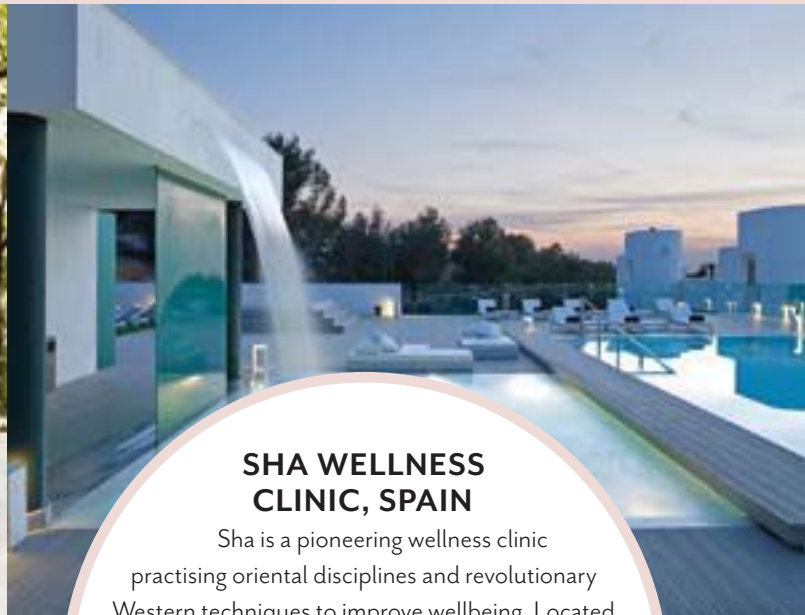
More companies are starting to react to the impact of stress. In America, Johnson & Johnson has launched a US\$100,000 anti-burnout program for CEOs, which involves participating in independent assessments on work-life balance. In Germany, Volkswagen, BMW and PMA have imposed bans on emails 30 minutes after a shift ends, with Germany’s employment ministry following suit; and France made the ‘right to disconnect’ part of the country’s labour law.

“I know leaders who have made the disconnect a non-negotiable policy,” says Taylor. “A principle of resilience is to play hard and rejuvenate hard, and an obvious element is to get eight hours of unbroken sleep. If you’re not doing that regularly, you are heading down a spiral towards that burnout. If you have good connections, you are also more likely to stay resilient,” he adds. “Organisations such as The CEO Circle and The CEO Institute [in Australia] provide regular get-togethers of peers to discuss issues. You will struggle if you are not looking for connections outside.” ■



ANANDA, INDIA

Located in the Himalayan foothills overlooking the peaceful Ganges, Ananda redefines lifestyles. Retreats include traditional Indian wellness regimens focusing on various mind and body techniques based on the concepts and philosophies of yoga, meditation and Ayurveda, the world’s oldest holistic healing system. Ananda’s Stress Management Programme creates positive changes, reducing and managing stress and enhancing synergy in life through a balanced approach. From US\$520 a night. anandaspa.com



SHA WELLNESS CLINIC, SPAIN

Sha is a pioneering wellness clinic practising oriental disciplines and revolutionary Western techniques to improve wellbeing. Located in Alicante Province, the venue spans 5,000 square metres overlooking the Mediterranean. WHO recognises the location as having one of the world’s best climates. Experts create personalised programs to re-establish a harmonious balance between body, mind and spirit. From US\$4,000 for a seven-day program. shawellnessclinic.com/en/

“The joy, the laughter, the family bonding, the friends we see hanging out in the parks – that’s our greatest achievement.”



“It’s been an amazing RIDE.”

Malaysian theme park Sunway Lagoon has come a long way since its beginnings at a former mining site.

WORDS SHARON MASIGE • IMAGES KELVIN & KIM PHOTOGRAPHY

Sunway Lagoon – home of Asia’s first Nickelodeon-based attraction and the world’s largest funnel ride, the Vuvuzela – is one of Malaysia’s most popular family destinations. It is one of two theme parks owned by the Sunway Group and has six adventure zones featuring more than 90 rides. The other park, Sunway Lost World of Tambun, is action- and adventure-themed, offering both a day and a night experience filled with recreational and leisure activities. The two parks enjoy a combined total of more than three million visitors each year.

Apart from having some notable attractions, Senior General Manager of Sunway Theme Parks, Calvin Ho believes Sunway Lagoon’s success is due to its customer care. “We strive to deliver the

‘Best Day Ever’ experience,” Calvin tells *The CEO Magazine*. “We make families happy and, at the end of the day, we make them have something to look forward to for next time. The joy, the laughter, the family bonding, the friends we see hanging out in the parks – that’s our greatest achievement.”

Prior to Sunway, Calvin made his mark in the hotel industry. “I worked in Europe for a couple of years,” he says. “I did hotel management courses and joined the hotel industry in Hong Kong and Australia. Then I got headhunted to join the theme park industry in Malaysia and I have never looked back. It’s been an amazing ride.”

Although Calvin describes working for the theme parks as fun, he acknowledges that there was a lot to learn to ensure continued operations. “In this industry, we are »

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vulnerable to a lot of things that could impact the business tremendously: Malaysia's economic situation, world stability and inclement weather," he explains. "So it's up to us to keep innovating and finding new ways to accommodate these kinds of situations. With Malaysia's unexpected weather, we try to manage guest expectations with added indoor entertainment to address rainy days.

In terms of economic instability, Sunway Lagoon implemented a strategy to encourage local visitors who are struggling financially. "The economy is pretty challenging right now so we created package options that are a little more affordable for Malaysians and international travellers to still come and enjoy the park," Calvin notes.

But it's not just the weather and the economy that the parks have to deal with. "We have wildlife parks at both Sunway Lagoon and Lost World of Tambun" Calvin says. "We don't believe in having an enormous safari and lots of animals. Instead, we feel we could play a small role in giving back and sharing with young children about conservation, preservation and what not to do in the future with wildlife."

Like all theme parks, safety is a major priority at Sunway Lagoon. "The good thing about today's world is that there is a lot of technology, software and programming available for tracking purposes," Calvin says. "Besides software, you need a lot of visual checks and well-trained engineers to go through the attractions. Of course, like other attractions, we have downtime where we shut the rides every year. Each ride goes through this process of scheduled maintenance and replacement."

With technology advancing at a rapid rate, Calvin says the company is innovating but still has a way to go to keep up with global trends. "We keep changing the park to make it better every year," he says.

"We are not quite there yet, but we are loving some of the technology that has come on board so far, especially in sales and marketing," he reveals.

"A lot of marketing channels have switched to online and digital. The Sunway Group is working tirelessly to look at system



Calvin (right) takes pride in the Wildlife Park. Seen here feeding Lola, a Malayan sun bear cub.

apps that can track the movements of our customers within the parks. This is so we can determine the main attractions they go to and how much time they spend at each."

Due to the history of the park, Calvin ensures that all its practices keep sustainability front of mind. "The park was built on previous mining land. There was nothing on it; it looked like a moonscape," he says, describing the former tin-mine site.

"Sunway City rose from a desolate 800-acre wasteland into an integrated and thriving township.

"Today, we have trees," Calvin continues. "We didn't take away a forest or other natural environments to build a theme park; we took a wasteland and converted it into a wonderland. Sustainable development is very important for us. We have lakes within our park and ensure they are clean, and we have lots of flourishing habitats."

There is one person Calvin is inspired by the most and that the Founder and Chairman of Sunway Group Tan Sri Dato' Seri Dr Jeffrey Cheah. "He is always supportive and points us in the right direction," Calvin says. "He has given opportunities to all of us who serve at Sunway. Tan Sri Dato' Seri Dr Jeffrey Cheah established the three central values that our purpose, vision and mission are synonymous with throughout the group; a solid foundation based on integrity, humility and excellence.

"What I like the most is humility. If we forget about this, then complacency steps in and we stop innovating. If we think we »

are the best, then that's it; we're not going to do anything more. But if we keep reminding ourselves that we can be better and we are humble with what we have, then that will keep us going for another 25 years or more."

These principles are exemplified by the staff. For instance, one of the cleaners found a bag containing nearly RM8,000 and handed it over to the park's Lost and Found counter. The bag, which also contained three passports, belonged to a Saudi Arabian family. This worker's honesty was praised by the company's management team, who presented them with a hamper as a token of appreciation.

Calvin attributes the low employee turnover rate to the founder's management

style and his humility – he still picks up rubbish on the grounds when visiting the parks. "He leads by example," Calvin says. "There are plenty of employees who have worked here for 10, 20 years.

It speaks volumes about the kind of leadership the Chairman shows."

And it's not just employees who have stuck by Sunway for this length of time but suppliers as well, and that, notes Calvin, is due to effective communication. "They are our teammates," he says. "We have constant

meetings with them. Every partner has ups and downs, good months and bad months, and I think it's crucial that we maintain that communication. We have a business development division and a procurement department that constantly

"What I like the most is humility. If we forget about this, then complacency steps in and we stop innovating."



ISZA-TRADE SDN. BHD.

Quality Water for the People

Working with Sunway Theme Parks has been a great pleasure. Together we provide the best and safest water quality to Sunway Lagoon and Sunway Lost World of Tambun. This park brings joy to countless people and we hope to continue this partnership in the long run.

www.isza.com.my



engage with our partners and our supply chains. There are so many improvement ideas that come to us through these two channels, so we keep doing it.”

Calvin believes sharing is the key to the longevity of the theme park industry. “We really need to get together and share best practices, values and ideas in marketing, safety, preventive maintenance, and so on,” he advises. “By sharing, we ensure every theme park in our region and around the world works well and our people are safe. Theme parks are becoming economic drivers in most countries. Businesses and partners go to work the moment a customer walks through our gate; so many other agencies go to work, and that pays salaries, which then pays bills. You get a lot of people gainfully employed and families having a better life. It stems from that whole cycle that starts from operating successful theme parks around the world. It means not worrying about competition, because every park is unique to its country, to its demographic, to its design, and to its people. The want to have variety and they will visit other theme parks as well.”

With Sunway Lagoon having celebrated its 25-year anniversary in 2017, Calvin believes there is much more to come. “We have good records and good profit margins, and I think it really augurs well for us in terms of opportunities moving forward,” he says. “I always encourage my colleagues to do well and learn as much as they can, because the industry needs a lot of good theme park operators.”

At the end of the day, Calvin is just happy to be able to bring joy to those who visit the park. “I am a simple man. I take simple pleasure in the smiles I see when our customers leave the park. I think it is the best reward. It makes you go home and feel that you have achieved something small yet important.” ■



THE SUNWAY EMPIRE

Sunway Group Founder and Chairman Tan Sri Dato' Seri Dr Jeffrey Cheah has built a Sunway empire. Founded in 1974, the Group has grown to encompass 12 divisions worldwide including real estate, construction, retail, hospitality and healthcare.

Sunway has also made significant contributions to education. In 1987, Sunway University was established under the company's Sunway Education Group (SEG). SEG now has 12 educational institutions including the Sunway College, Jeffrey Cheah School of Medicine and Health Sciences, Sunway International School, and Monash University Malaysia – the Malaysian campus of Australia's Monash University. In 2007, the Jeffrey Cheah Foundation was created to support education and other philanthropic activities.

Two years later, Tan Sri Dato' Seri Dr Jeffrey Cheah decided to donate all his capital in the SEG institutions to the foundation. He is also affiliated with the world's top-tier universities, creating two professorships at Harvard University for South East Asia Studies, and academic collaborations with the University of Oxford and the University of Cambridge.

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MANAGEMENT & LEADERSHIP

ARE YOUR PEOPLE 'FUTURE-FIT'?

How ready are your people and teams for 2018?



INNOVATION & TECHNOLOGY

CYBERSECURITY IN 2018

A guide to the biggest threats to watch out for in the coming year.

INDULGE

INTRODUCING INDONESIA'S NEWEST
LUXURY ECO RESORT – BAWAH ISLAND.

– IDYLIC INDONESIA, P150



5 minutes with ARI PRIESTER

THE VP OF SAMSONITE AUSTRALIA AND NEW ZEALAND SHARES HIS TRAVEL TIPS AND WHY HE'S PASSIONATE ABOUT HIS ROLE.

You travel a lot for business, what are your top tips for a successful trip?

Be prepared for anything and where possible pack light. My favorite carry-on at the moment is the Cosmolite 3.0 – our lightest hardside. I suggest using a small travel pack where you keep your accessories like travel adaptors, chargers and USBs in little compartments.

How do you stay connected with your team when you're on the road?

In addition to email, I use Skype and WhatsApp. We have also started to use the Workplace Facebook app.

What are your favourite destinations for relaxing?

Anywhere with a nice pool or beach such as Bali and resort

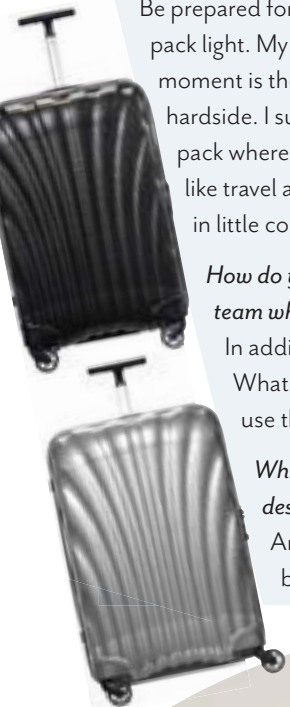
areas around Thailand. I would like to get to Bora Bora some day.

What is the best thing about your job?

Having the opportunity to travel and see the best and most diverse countries around the world. Also, being able to connect with a global network throughout our organisation, which has locations in North America, Asia-Pacific, Europe and Latin America.

What can we expect from Samsonite in the next 12 months?

We'll continue to roll out a catalogue of new and exciting product across our brands – Samsonite, American Tourister (we have recently signed a leading sports star as the global ambassador, which is going to take the brand to the next level), Lipault Paris, High Sierra and Hartmann. We're always focused on innovation to ensure we maintain our position as the global leader in the travel sector.



World's top table



The globe's most definitive list of best restaurants has crowned the eponymous Guy Savoy in Paris as number one. Called La Liste, the ranking is compiled using an algorithm cross-referencing more than 550 specialised publications and food critics including *The Michelin Guide*, *The New York Times* and TripAdvisor. Savoy is renowned as an innovative chef whose food philosophy is based on honouring the producers and winemakers, showcasing their wares in the best possible light, with modern creative flair and a deep respect for heritage. His set menu, 'Colours, Textures and Flavours', is the best way to sample his incredible creations and is priced at €395 (US\$495), excluding drinks. guysavoy.com

– ULTIMATE – SPORT-LOVERS 2018 ITINERARY

9 APRIL

What NBA Oklahoma City Thunder vs Miami Heat

Where Miami, Florida

Stay Faena Hotel Miami Beach in the heart of the entertainment precinct

Eat Forte dei Marmi on Ocean Drive for simple Italian perfection

21-22 APRIL

What Red Bull Air Race World Championship

Where Cannes, France

Stay Hotel du Cap-Eden-Roc, favoured by artists and aristocracy

Eat Astoux et Brun is a bright brasserie serving the best fresh seafood

14 JUNE
– 15 JULY

What FIFA World Cup

Where Around Russia, final in Moscow

Stay The Hotel Baltchug Kempinski's Red Square Suite has fantastic city views

Eat Be transported to a bygone era of luxe Russian tradition at Cafe Pushkin

7-29 JULY

What Tour de France

Where Around France, finish in Paris

Stay Le Royal Monceau Raffles Paris is a modern masterpiece

Eat Le Jules Verne, 122 metres up the Eiffel Tower

27 AUGUST –
9 SEPTEMBER

What US Open tennis

Where New York

Stay Splurge on the Four Seasons' US\$55,000-a-night Ty Warner Penthouse

Eat Sample David Chang's famous flavours at Momofuku Ssäm

2 SEPTEMBER

What Italian Formula 1 Grand Prix

Where Monza, Italy

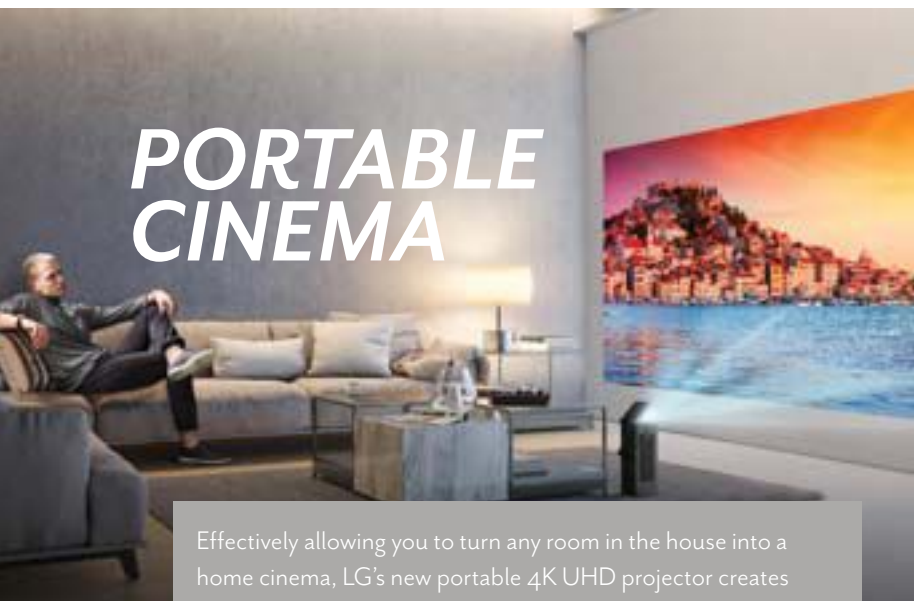
Stay The Hotel de la Ville is a charming art and antique-filled palace

Eat The Derby Grill has a terrace for alfresco dining with views



Crushed velvet, cashmere and gold-covered walls, 10-metre high floor-to-ceiling windows to expose the captivating views across some of the best ski slopes in the world, a cavernous underground lair that houses a cinema, swimming pool, hammam, sauna and a pink Himalayan rock room are just some of the features of this seven-storey ski-in, ski-out mansion in St Moritz. It's an emphatic statement in modern luxe that can be yours for just US\$189 million. thelonsdaleite.com

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PORTABLE CINEMA

Effectively allowing you to turn any room in the house into a home cinema, LG's new portable 4K UHD projector creates a stunning 150-inch image at an amazing 2,500 lumens of brightness. The projector's webOS 3.5 smart TV interface can access the most popular online streaming services offering 4K content. The device also comes equipped with standard connectivity options for USB, Ethernet and HDMI ports, as well as wireless support for external devices such as a keyboard, mouse and speakers. Available April 2018. See more at lg.com

Get out on THE HIGHWAY

ANYONE WHO HAS OWNED, RIDDEN OR EVEN JUST ADMIRING ONE WILL TELL YOU THERE IS A SPECIAL ALLURE ABOUT THE ALL-AMERICAN HARLEY-DAVIDSON MACHINE.

WORDS • RODERICK EIME

Typically, it's big, powerful and noisy and speaks to us on a primal level that transcends socio-economic and cultural boundaries. To some it calls out 'freedom' or 'escape' while to others it says 'brotherhood' and 'loyalty'. Either way, every Harley-Davidson has an unmistakable presence.

It could be argued this presence is what appeals to all admirers of the brand, whether tradesmen or statesmen. That guy on the Fat Boy in the leather jacket and wraparound sunglasses? He could be anyone; a ditch digger, bean counter or high roller. On a Harley, everyone is lifted a notch or two.

"There is something raw about a Harley-Davidson that no other motorcycle can match, and I think there is a sense of breaking out of the binds and disciplines of corporate life that so often smothers us," says Gil McLachlan, multiple H-D owner, self-made man and CEO of McLachlan Travel Group. "It's very energising but, best of all, safe riding requires total focus. When you can't spend even a moment thinking about work, relationships or world peace it's immensely uplifting. Dry-cleaning for the mind." »



PRESENCE IS ABOUT BEING
IMPRESSIVE. BE IMPRESSIVE.
- HARLEY-DAVIDSON TAGLINE



And don't be fooled about the dated male stereotype, women are drawn to Harleys too.

"When you're on your bike and in your gear, no-one cares who you are, just that you're part of a big riding family and very much your own person with your own story," says Kylee Kay, president of the Visit USA Organisation and managing director of APTMS, one of Australia's largest travel marketing companies. "And when all's said and done, a Harley is just darn sexy!"

BRAND POWER

Since the first prototype was tested in 1903 and for the next century and beyond, the H-D brand has continued to reflect freedom and hard-edged glamour with an exceptional degree of brand loyalty and respect. US branding strategists Tenet Partners regularly places H-D in the top 10 per cent of its 100-brand CoreBrand Index (CBI), streets ahead of the next motoring brand some 20 places below.

Even casual observers know that the motoring industry is riding a rough road, and H-D is not resting on its laurels despite being one of the longest continuously operating motoring brands and hitting an all-time sales high in Australia in 2016.

MODEL SHAKE-UP

New models and global marketing strategies are being constantly devised and some ambitious plans are laid out for the years ahead.

In 2014, after something of a stagnation in the model line-up, H-D introduced the Street series, 750cc and 500cc water-cooled bikes on an entirely new, Indian-built platform. The first all-new platform in 13 years, the series was designed primarily to attract new and novice riders. The 500cc Street is 'learner

approved' and has turned out to be a sales success despite early misgivings from critics and purists.

"It is a big part of our push to make sure we get to all parts of the market," said Matt Levatich, president and CEO of H-D in a 2016 CNBC interview, "and at the same time remain a premium brand and profitable company."

Since then, H-D has set itself some ambitious goals, one being to release 100 new bikes in 10 years.

The CEO Magazine caught up with Bill Davidson, the great-grandson of the company's co-founder, William Davidson, when he travelled to Australia last year for centenary celebrations.

"We've all been working really hard to crank up our product development machine and looking at everything from styling, engineering, manufacturing and cost, so we can now develop these new models much more efficiently than we have in the past.

"LIFE ISN'T ABOUT WAITING FOR THE STORM TO PASS ... IT'S ABOUT LEARNING TO RIDE IN THE RAIN."

– WITH APOLOGIES TO VIVIAN GREENE

"The other thing we've done is go out and listen to customers. For example, the new (750cc, water-cooled) Street Rod we've launched is the result of speaking to more than 3,000 customers and making sure we're giving them what they want in a motorcycle. We have really engineered this bike to meet the specifications obtained from that data."

LONG LIVE SOFTAIL

Just as Dyna replaced the FXR Super Glide in the early 90s, so Dyna's day has come, and the familiar exposed twin rear shocks and rubber-mounted Twin Cam 103 engine on H-D's mid-size machine is no more from this year.

In what some observers have described as “the largest product development project in company history”, the outgoing Dyna models like Street Bob and Fat Bob have been seamlessly absorbed into an expanded Softail range. The series comprises eight machines, all with the new, clean-sheet design 107ci Milwaukee-Eight (M8) V-Twin four-valve engine as standard and hard mounted to the new, lighter, stiffer frame. The bigger 114ci unit is offered as an option on four models.

So confident are H-D's development engineers, they trumpet the reborn Softails as having “phenomenal handling, improved power-to-weight ratio and vehicle competence at a whole new level never reached before”.

PROOF OF THE PUDDING

We took H-D up on its claims with extended test rides of several new models supplied by Australia's Harley-Heaven Western Sydney and, as a result, we've found it hard to disprove these boasts completely. The Softail entry-point Street Bob, for starters, turned in sharper – without the pegs digging in – and pulled out of the corners smoothly and effortlessly with only moderate throttle application. Confident and satisfying at the same time, the whole bike seemed focused on putting down the power to the tune of that trademark exhaust note instead of shaking like a mixmaster full of walnuts.

Styling and road feel varies only minimally across our sample group, which also included Fat Boy and Breakout, the latter with the big, brutish 114ci option.

The balance of the Softail range is made up of Low Rider, Softail Slim, Deluxe, Heritage Classic and Fat Bob.

The rest of the 2018 model range comprises the familiar, compact Sportsters with both 883 and 1200cc engines of 'Evolution' design in five models, as well as the tarmac-eating Touring and CVOs, which offer the range-topping 117ci M8.

Let's not forget that one of the defining qualities of all Harley-Davidson motorcycles is individuality, and every bike presents an almost limitless opportunity to customise and personalise with a wealth of practical, cosmetic and performance accessories. ■



TAKE A TEST RIDE

For full details on the Harley-Davidson range and to find your nearest dealer, visit:
harley-davidson.com



IDYLLIC *Indonesia*

WANT OVERWATER SUITES, LUSCIOUS LAGOONS, PRIVATE BEACHES, SPECTACULAR SUNRISES AND SENSATIONAL SNORKELLING? **CHRISTINE RETSCHLAG** EXPLORES BAWAH ISLAND, INDONESIA'S NEWEST LUXURY ECO RESORT.

Sunrise at Bawah Island, and the sky erupts like an active Indonesian volcano, spewing spectacular lava light across the ocean. Blacktip reef shark circle the overwater suite below, in a similar lap of luxury to which I find myself above.

I am on Indonesia's newest luxury eco resort, halfway between Borneo and Malaysia in the Anambas group of islands. Formerly part of the Sundaland that connected Peninsula Malaysia, Cambodia, Java and Sumatra during the last Ice Age, Bawah is just three hours from Singapore.

Dating back 10,000 years, this former fishing enclave now employs around 100 staff and welcomes a maximum of 70 guests at any one time to its three lagoons, five islands and 13 beaches. It's the new Maldives, Indonesian-style.

Throughout the night, South East Asia's typical, tropical rain has been pitter-pattering on my Indonesian timber roof like a line of exotic Balinese dancers. »



SOUTH EAST ASIA'S TYPICAL, TROPICAL RAIN HAS BEEN PITTER-PATTERING ON MY INDONESIAN TIMBER ROOF LIKE A LINE OF EXOTIC BALINESE DANCERS.

But by morning, the sun has returned along with the reef shark, signalling it is snorkelling hour, where we glide over plates of coral that resemble cauliflower, and are home to a flurry of fish such as angel, trevally and parrot.

In Indonesia's wondrous warm waters, jaunty jellyfish float by like cumulus clouds and cheeky clams pucker their lips as if for a kiss.

AT YOUR LEISURE

Here, devoted beach bums can request the island's speedboat to deposit you, and an esky packed with snacks and drinks, on a secluded beach, the descriptions of which speak of its flora or fauna inhabitants such as turtle, coconut or lizard. The more active can indulge in a host of activities from snorkelling along the jetty or a nearby reef drop, diving, sailing, paddle-boarding, kayaking to a bat cave, or trekking one of the island's three marked walking trails.

There's no official reception desk here. You check in at the Grouper Bar at the end of the jetty, which is also home to nightly cocktails, such as the Jasmin Collins, before you progress upstairs to the Treetops Restaurant.

Dine beneath the replica of an upturned fishing boat, from which hang giant lights with dangling shells resembling the tentacles of jellyfish. For a communal experience, perch at a large lychee wood table or choose a more intimate setting for two.

If you want a book to unwind with, there's an inviting library where you can also make use of the limited wi-fi – if you must.

The innovative breakfast menu includes tropical delights such as coconut milk scrambled eggs, while dining for the rest of the day is done so without a menu. You simply discuss with the chef your tastes and what fresh food is available that day, and he will create something spectacular just for you.

The Jules Verne Bar, above Treetops Restaurant, is the prime place to catch the nightly breeze and sensational sunset, or you can sit beachside at the Boat House and listen to the lapping waves while you dine on a smoky barbecue-style breakfast, lunch or dinner.

Owned by Singapore shipping magnate Tim Hartnoll, this year, the resort will host Change Makers and Rule Breakers, where captains of industry meet. *The CEO Magazine* has previously attended the event, staged on Richard Branson's Necker Island, which attracted 30 CEOs from around the world.

With 21 beachside, 11 overwater and three garden suites to choose from, plus a luxurious pool and the Aura spa, Bawah Island is an idyll in which to relax and rejuvenate as you are ruled only by the ocean, moon and tides.

By low tide, the sea floor carries the scent of salt and promise about this exciting entrant into Indonesia's, and South East Asia's, suite of luxury accommodation that will give the Maldives a run for its money. ■

bawahisland.com



NURTURING NATURE

The island employs a permaculturalist who is working on having the island grow around 80 per cent of its own vegetables and 60 per cent of its own fruit. Where possible, the island trades seed for food with neighbouring villages.

DID YOU KNOW?

The island has established the Bawah Anambas Foundation (BAF) which focuses on initiatives to make above (the rainforest), below (the ocean) and beyond (local communities) more sustainable and ethical. Around 45 per cent of staff on Bawah hail from local villages.

STOPOVER

Stopover in Singapore either before or after your Bawah adventure. Stay in the Royal Plaza on Scotts – a member of Preferred Hotels & Resorts – that has just been awarded its tenth win as Asia-Pacific's Best Independent Hotel.

A BULLISH MOVE

WILL LAMBORGHINI'S FIRST FORAY INTO THE SUV MARKET IN MORE THAN THREE DECADES PAY DIVIDENDS? WE SPEAK EXCLUSIVELY TO ITS CEO TO FIND OUT. WORDS • ADRIAN FLORES

This isn't Lamborghini's first time at the SUV rodeo. After building two prototypes in the 70s and 80s, it eventually produced the LM002 in 1986. The LM002's jagged and highly elevated frame made it more suitable for a battlefield than a leisurely drive along the Amalfi Coast, to the point it was dubbed by motoring enthusiasts as 'the Rambo-Lambo'. After making only 328 of the model, Lamborghini eventually stopped producing the LM002 in 1993.

Fast forward 30 years, and Lamborghini has given it another crack, this time with the Urus, unveiled at its Sant'Agata Bolognese headquarters in December last year. Unlike the other Lamborghinis that are named after famous Spanish fighting bulls – the Aventador, the Huracán, the Centenario – the Urus is actually named after the ancestor to modern cattle.

Hard-edged and with a steely gaze, the Urus stands out among Lamborghini's herd of bulls and clearly means business, with its 650-horsepower twin-turbo V8 engine. Boasting a top speed of 305km/h and an uncanny ability to bolt from zero to 100km/h in a flashy 3.6 seconds, the Urus more than holds its ground in the impressive Italian stable.

But don't be fooled by the menacing exterior. Weighing in at just under 2,200 kilograms – light by SUV standards – the interior of the Urus displays a welcoming elegance and luxury that invites rather than intimidates. Even though it is closely related to the Audi Q7, Bentley Bentayga, Porsche Cayenne and Volkswagen »







Touareg, the widespread use of carbon fibre-reinforced polymer across the vehicle gives the Urus an identity all of its own.

Try and flick the switch to Strada (street). Whoops! It looks like you've veered off into the dirt. Never mind, flick it again, this time to Terra (dirt). Through Lamborghini's groundbreaking ANIMA drivingX mode selector, the Urus adjusts to practically any terrain – it also has Corsa (track), Sabbia (sand), Neve (snow) and Sport (duh!) – with a chameleon-like ease that rivals the best SUVs in the market.

But with a price tag of S\$798,000 (not including COE), are there enough potential customers out there for the Urus to be financially viable for the European brand? CEO Stefano Domenicali thinks so. Speaking exclusively to *The CEO Magazine*, he tells us that, as the first-ever five-seater in its range, the Urus has the potential to reach families who will drive it on a daily basis.

"The reason I believe that the Urus is perfect for Lamborghini is because it is something that is not currently in the market. We believe there is a huge potential to not only remain current and relevant but also involve new people in our dimension," he says.

Times have definitely changed since the days of the LMOO2. Now, there are more millionaires than ever, to the point that designation has lost much of its gravitas. The finance world prefers

to use the term 'high-net-worth individuals' (HNWI). While the increase of HNWIs in Asia-Pacific has slowed in recent years, there are still a not insubstantial 5.5 million in the region.

Lamborghini is set on capitalising on the opportunity to cater to this fast-growing demographic, usually defined as people with at least US\$1 million in liquid financial assets. It recently announced it had a view to double its overall car output by the end of 2018.

As for the Urus, Lamborghini has vowed not to cap the number of units it makes unlike for its other models. It has a target of 1,000 in the first year of production, starting from February this year. By the end of 2019, it hopes to have produced 3,500 Urus models as well as further broadened its overall dealer network from 130 to more than 160.

The luxury supercar manufacturer is ready to take on this challenge of reaching new customers who will have an appreciation for the brand, says Domenicali. "The level of attention we'll have to pay towards the Urus will be different to our other models. But it is an incredible opportunity to make sure that we stabilise our growth in the future. In any case, a Lamborghini is still a Lamborghini no matter its resting address."

Even as it reaches for new and uncharted markets, Domenicali insists Lamborghini will never abandon its core identity. He doesn't





“IN TERMS OF DESIGN, TECHNOLOGY AND DNA THE CAR IS UNDENIABLY LAMBORGHINI.”

– STEFANO DOMENICALI, CEO, LAMBORGHINI



want to make the mistake of saturating the market with too many models, instead wanting a more balanced strategy. “While we need to monitor what [our competitors] are doing we also have to be strong on what our goals and our DNA are because these are key to the success that we have today.”

The challenge for the Urus then is ensuring it successfully “brings in new customers who will appreciate the Lamborghini brand”. Through the SUV, Domenicali believes the Italian bull will once again position itself at the top of the range, different from all its competitors. “We believe in making sure that in terms of design, technology and DNA the car is undeniably Lamborghini,” he says. “But you can also recognise in these dimensions something unique.”

So the question remains: will the Urus be a landmark success for Lamborghini, or will it become a relic of the past like its forebear LM002? Since it’s predicted that the first cars won’t hit the tarmac in Asia-Pacific until May 2018 this year, the jury is still out.

One thing is for sure: Lamborghini has most definitely learned important lessons from yesteryear, and stuck to making a car that, in the words of Lamborghini Asia-Pacific General Manager Andrea Baldi, is “nice and sporty and light, embodying all the things that are Lamborghini”. On that front, the Urus SUV makes a killer first impression. ■



PERFECT BALANCE

GABLENZ, GERMANY

Photographer: Lorenz Holder/RedBull Illume

En route to another location, Lorenz Holder and BMX legend Senad Grosic came across this magical place that was just begging to be photographed.

“In my photos, I like to show the viewers the beauty of the environment where athletes perform,” Lorenz says. “I’m a huge fan of landscape and architectural photography and I try to combine those genres with action sport. I think a great location is one of the key elements for a great action picture.” ■



JACK DORSEY

Fascinated by maps, a teenage computer programmer began coordinating commercial drivers to communicate with each other in real time. Three decades later, using short bursts of inconsequential information, Jack Dorsey has millions of people around the world sending more than half a billion tweets a day.



CAREER IN BRIEF

2000

Jack launches a company used to dispatch couriers, taxis and emergency services. He also builds a prototype allowing him to update his daily activities to his friends, but realising there was little interest in it, parks the idea.

2006

Jack co-founds a site where users could post short messages of 140 characters, called 'tweets', and releases the world's first tweet to himself: "just setting up my twtr".

2008

Named one of the world's top innovators under 35 by *MIT Technology Review*, but forced out of his Twitter CEO role reportedly because of his inability to solve an outage issue and his quirky habits of practising yoga and attending fashion school.

2010

Launches Square, an electronic payment service allowing users to accept credit cards through their mobile phones.

2011

Jack returns to Twitter as Executive Chairman.

2015

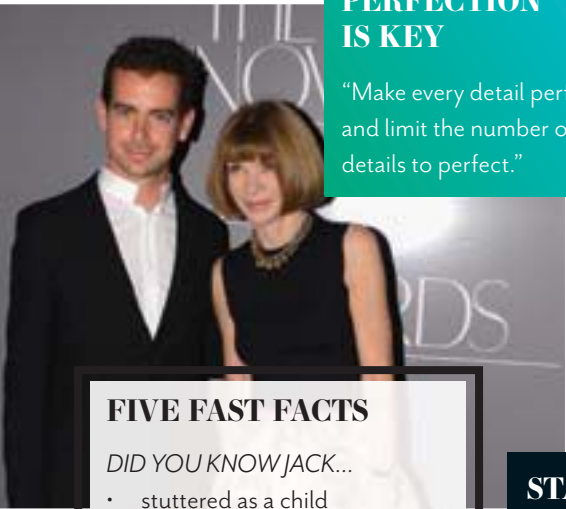
Jack is reinstated as Twitter's CEO as the company boasts 330 million monthly users and more than 25 offices around the world. He takes his other company Square public.

2017

Aged 41, with a net worth exceeding US\$2.8 billion, Jack remains one of the world's most eligible bachelors.

PERFECTION IS KEY

"Make every detail perfect and limit the number of details to perfect."



FIVE FAST FACTS

DID YOU KNOW JACK...

- stuttered as a child
- finds it insulting to be called a nerd
- removed his nose ring to look like a CEO
- has a tattoo made up of abstract patterns and the image of a human collarbone
- is a licensed masseur

STAY FOCUSED

"You can worry about the competition... or you can focus on what's ahead of you and drive fast."



KEEP IT SIMPLE

"My goal is to simplify complexity. I just want to build stuff that really simplifies our base human interaction."

ALL FOR MUM

"I am someone who tweets about what I have for breakfast, what I have for lunch, what I have for dinner and for 99.99999 per cent of the world it's useless. It's meaningless. But for my mother, she loves it."



DON'T MISS

The April Issue

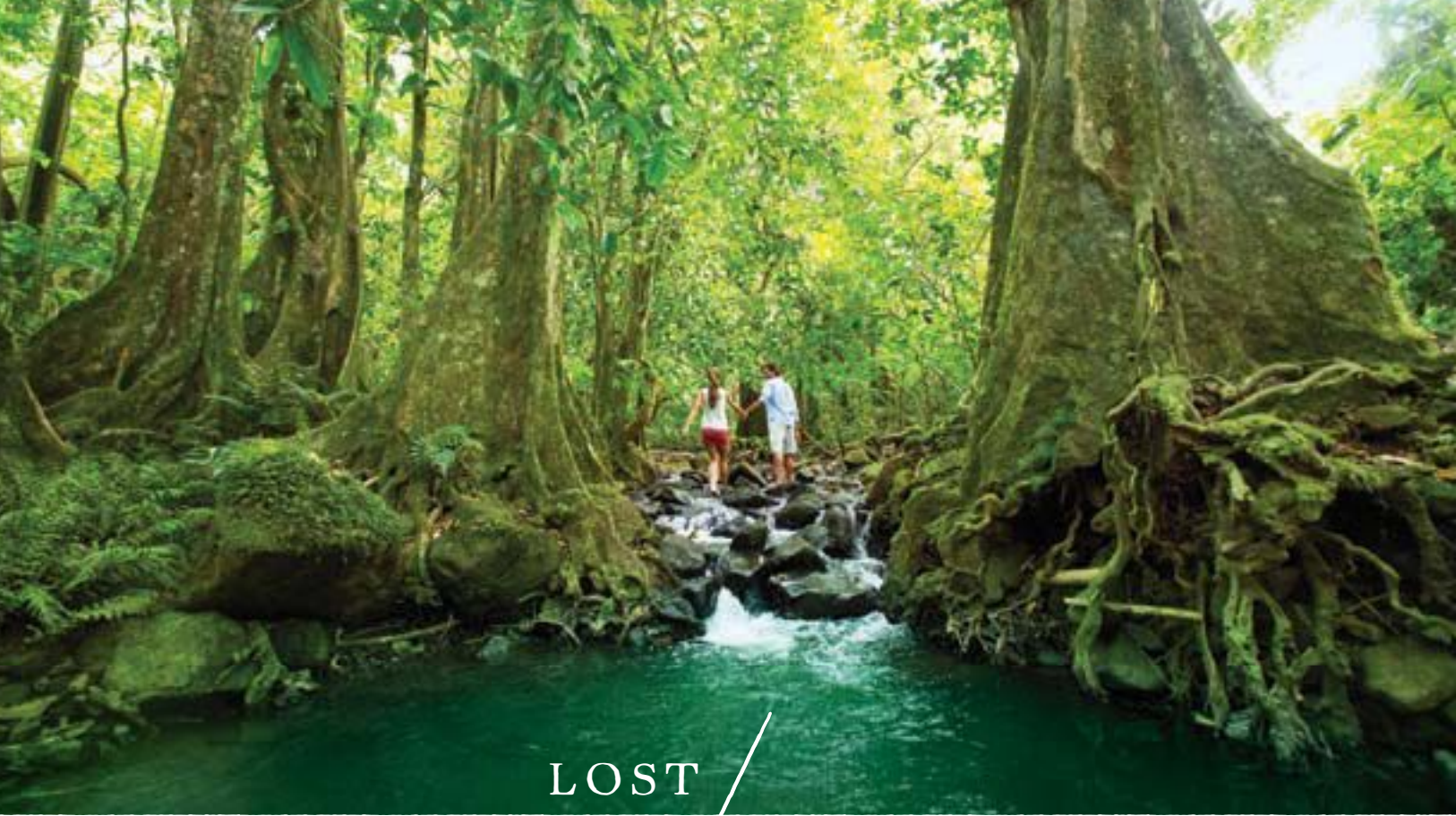
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