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COVER STORY

The Trump Effect on the Malaysian SMEs? by Dr Ghaz

Would Trump matters to our SMEs? As the president-elect of the world's largest economy, Trump administration's policies would have a far-reaching impact which would eventually have a knock-on effect on the Malaysian SMEs.

Trump's victory in the recent U.S presidential race was unexpected as many analysts had forecasted that a Hillary win would be an almost foregone conclusion. After all, the former First Lady of the United States and Secretary of State had significant funding advantage as well as near unanimous support from American businesses and media. In contrast Trump's campaign had been besieged by controversies and scandals.

Nevertheless, the billionaire businessman who had written the book titled "Art of the Deal" had negotiated his way to the hearts and minds of American voters with his promise to "Make America Great Again". His campaign pledge taps on the resentment of a large demographic of middle-aged male voters with low education level that are feeling worse off

because of the current administration's policies. Hence, Trump's rhetoric of building a wall at the US-Mexico borders to stop immigrants from taking away American jobs, and cancelling the Trans-Pacific Partnership Agreement (TPPA) and the Paris Climate Agreement, which he argues gives an unfair advantage to China, appeals to the anxiety of this segment.

His message is as simple as it is loud and clear, "America is losing; Donald Trump is a Winner; and if Trump becomes President, America will be a winner too".

Now, the world watches with bated breath to see whether Trump would actually carry through with the radical and populist pledges which he professed during his successful campaign. With the Republican Party also gaining control of Congress, Trump is expected to face less resistance in pursuing his policy changes. However, many are hoping that it is the case of the "bark being worse than the bite", and that he would take a more pragmatic and conciliatory approach once he steps into office.



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His message is as simple as it is loud and clear, "America is losing; Donald Trump is a Winner; and if Trump becomes President, America will be a winner too".

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WOULD TRUMP MATTER TO OUR SMEs?

As we had observed following the aftermath of Brexit, the impact of Trump's victory on the global economy has been immediate as investors risk appetite for emerging markets declines. This follows Trump's hard-line protectionist rhetoric on immigration and trade.

Indeed, as the votes were being counted, the Malaysian capital market took a beating with the Bursa Malaysia falling to a low of 1,640, before gaining ground to close lower at 1% or 1,647 for the day. The Ringgit was also not spared, declining to an intraday low of RM4.36 against the US Dollar; close at to an 18-year low that was recorded last year. Many analysts are predicting that the market volatility would persist until Trump takes office in January 2017 and his policies become clearer.

SMEs which draw their sales domestically from imported intermediate materials would be hardest hit by the Ringgit slide. This situation is made worse by a weak consumer sentiment and further exacerbated by the already high level of household debt as well as the rising cost of living.

On the flip side, Malaysian businesses involved in export could benefit from the weaker ringgit as their products become more competitively priced in the market. The tourism sector may also benefit with travellers taking advantage of their stronger currency to visit Malaysia.

Furthermore, Trump's victory also leaves the fate of the Trans-Pacific Partnership Agreement

(TPPA) hanging in the balance. Without the participation of the United States, the trade agreement involving 12 nations would surely collapse. While the agreement would only come into effect in 2018, a study conducted by PricewaterhouseCooper (PwC) on the TPPA's economic impact on the Malaysian economy, indicated that, should the trade agreement falls through, our country risks incurring a cumulative loss in GDP of USD107 to USD211 billion over 2018-2027. Furthermore, the TPPA had also promised to catalyse the efforts of Malaysian SMEs to better participate in the global marketplace with four new markets, namely the US, Canada, Mexico and Peru.

In essence, while the prospect of President Trump's administration may appear disheartening, it is still unclear whether he would actually follow through with his hard-line campaign rhetoric. Given the uncertain outlook, it is pertinent that the SMEs consider making strategic moves to ensure business suitability during these challenging times. Among the key strategic moves we recommend includes, matching your strategy with the environment, reinforcing capabilities, improving economic and political awareness, and re-evaluating business goals.

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The fate of the Trans-Pacific Partnership Agreement (TPPA) also hangs in the balance with Trump's victory.

PERSPECTIVE

RINGGIT MERUDUM: Berpanjangan atau Sementara?

by Raja Shahrman Raja Harun Al Rashid

Kemenangan Donald Trump sebagai Presiden Amerika Syarikat (AS) yang ke-45 dilihat telah memberi kesan yang negative terhadap kadar matawang asing terutamanya negara-negara membangun. Ini adalah kerana, para pelabur berpendapat bahawa hubungan dagangan antara negara-negara membangun dengan AS akan renggang akibat daripada sentimen anti-dagang yang dilaung-laungkan oleh Trump sewaktu kempen pilihanraya beliau.

Kemenangan Trump telah menyaksikan kejatuhan teruk kadar tukaran peso Mexico sepanjang tempoh lapan (8) tahun. Malaysia juga tidak terkecuali. Semenjak pengumuman keputusan pilihanraya AS, kadar tukaran ringgit menyusut diantara 4.2275 dan 4.3945 berbanding dolar AS sehingga ke hari artikel ini ditulis (17 November 2016).

Pakar ekonomi berpandangan, ketidakstabilan kadar tukaran matawang asing, terutama bagi negara-negara membangun, akan berterusan buat sementara waktu sehingga dasar-dasar ekonomi dan perdagangan di bawah teraju Presiden AS yang baru diperjelaskan dengan lebih terperinci. Sehubungan dengan itu, turun naik kadar ringgit dijangka mungkin akan memberi tekanan terhadap sektor-sektor berikut:



Walaupun bagaimanapun, sektor eksport biasanya akan terlebih dahulu mengambil peluang terhadap kemerosotan kadar ringgit oleh sebab harga barangan eksport yang lebih kompetitif lalu meningkatkan kuantiti jualan lantas menguntungkan pengusaha. Bagi Malaysia, hasil eksport getah dan barangan elektrik dan elektronik bakal membantu ekonomi negara untuk terus bertahan dalam keadaan ekonomi yang kurang memberangsangkan seperti sekarang ini. Selain daripada itu, industri pelancongan juga turut akan mendapat kesan yang positif lantaran daripada kejatuhan kadar ringgit. Jumlah pelancong asing,

terutamanya dari Singapura dan China, dijangka akan bertambah.

Adalah diharapkan, setelah dasar-dasar ekonomi dan kewangan AS stabil dan jelas sebaik sahaja selepas pilihanraya, para pelabur akan kembali bertenang dan situasi ekonomi dunia, serantau dan juga domestic akan kembali stabil dan beroperasi seperti sedia kala.

Raja Shahrman Raja Harun Al Rashid is the Director of Group Compliance and Risk Management, SME Bank Malaysia. He can be reached at shahrman@smebank.com.my.

NO.	SEKTOR	DESKRIPSI
1	Automotif	Bahagian-bahagian dan/atau alat-alat ganti kenderaan yang diimport dari luar negara akan menjadi lebih mahal. Ini akan meningkatkan kos pengeluaran dan/atau perkhidmatan.
2	Pembuatan	Selain daripada sektor automotif, sektor pembuatan yang lain khususnya yang menggunakan bahan mentah yang diimport juga akan tertekan. Sektor-sektor seperti farmaseutikal, pembinaan, bahan kimia dan produk makanan ikan yang menggunakan bahan mentah import yang mahal akan merasa beban kenaikan bahan mentah dalam kos operasi.
3	Pengguna	Secara amnya, pengguna akan lebih berhati-hati dalam perbelanjaan seharian. Situasi ini diburukkan lagi oleh tahap keberhutangan isi rumah yang tinggi dan juga kos sara hidup yang kian meningkat.

PEMBIAYAAN PERNIAGAAN ATAS TALIAN

by Hamdan Mohd Habibollah



Akses internet yang bertambah baik, penembusan mudah alih yang tinggi dan keselamatan yang dipertingkatkan antara petanda baik bagi pertumbuhan dan perkembangan pasaran e-dagang di Malaysia pada tahun 2016. Saiz pasaran e-dagang Malaysia telah menyaksikan peningkatan 31% pada kadar pertumbuhan tahunan 2010-2014, dan dijangka kadar pertumbuhan yang sama pada tahun-tahun akan datang dengan hasil e-dagang tempatan dijangka mencecah US\$3.1 bil menjelang 2018. Terdapat sejumlah 252.4 juta pengguna Internet di seluruh Asia Tenggara, dengan

Malaysia muncul sebagai negara ketiga yang mencatatkan peratusan tertinggi penggunaan Internet pada 67% selepas Singapura dan Brunei.

Menurut kaji selidik membeli-belah mudah alih, Malaysia berada di kedudukan ketiga dalam kadar pertumbuhan membeli-belah mudah alih di Asia pada kadar lebih 20% (daripada 25.4% pada tahun 2012 kepada 45.6% pada tahun 2014). Usaha berterusan kerajaan untuk meningkatkan penembusan Internet dan meningkatkan logistik dan juga faktor-faktor penting lain untuk meningkatkan pembangunan e-dagang di Malaysia. Kerajaan telah

memperuntukkan RM1.2 bilion bagi Suruhanjaya Komunikasi dan Multimedia Malaysia (SKMM) untuk menawarkan jalur lebar berkelajuan tinggi di kawasan luar bandar mulai tahun depan, yang akan memperluaskan capaian e-dagang.

Tidak dapat dinafikan, pasaran e-dagang secara keseluruhan di Malaysia dijangka berkembang secara positif. Langkah seterusnya untuk industri adalah untuk mengekalkan potensi pasaran. Antara Julai 2015 dan September 2016, SME Bank telah meluluskan pembiayaan kepada 67 pemilik perniagaan atas talian berjumlah RM9.9 juta.



Program Pembiayaan Perniagaan Atas Talian

PEMBIAYAAN PERNIAGAAN ATAS TALIAN (OBF: ONLINE BUSINESS FINANCING) OBF adalah program pembiayaan yang unik untuk membantu usahawan-usahawan atas talian ke arah membangunkan industri atas talian yang berdaya maju didorong oleh potensi besar internet dan kuasa media sosial. SME Bank bekerjasama dengan Persatuan Industri ICT Bumiputera dan Usahawan (NEF) di dalam menyediakan pakej pembiayaan kepada usahawan-usahawan atas talian yang layak.

FASILITI

- Untuk menyokong PKS yang terlibat dalam perniagaan atas talian sepenuh masa dan telah aktif selama 1 tahun terakhir.
- Pembiayaan maksimum sehingga 100% (minimum RM20,000 sehingga maksimum RM500,000)
- Tertakluk kepada Harga Berasaskan Risiko Bank
- Tempoh pembayaran balik maksimum sehingga 5 tahun termasuk tempoh penangguhan maksimum 1 tahun (terma dan syarat)

MANFAAT

- Untuk menyediakan platform pembiayaan kepada PKS yang layak di bawah program Go-Ex
- Untuk menyokong PKS yang terlibat atau bersedia untuk memulakan perniagaan dalam industri eksport
- Pembiayaan maksimum sehingga 100% (pembiayaan minimum RM250,000)
- Tertakluk kepada Harga Berasaskan Risiko Bank
- Tempoh pembayaran balik maksimum sehingga 15 tahun

KELAYAKAN

- Usahawan Bumiputera yang terlibat dalam perniagaan atas talian.
- Berdaftar dengan Persatuan Industri ICT Bumiputera dan Usahawan (NEF)
- Sekurang-kurangnya 6 bulan di dalam perniagaan atas talian, iaitu menjual produk atau perkhidmatan secara fizikal atau digital
- Perniagaan ini berdaftar dengan Suruhanjaya Syarikat Malaysia (SSM) atau badan-badan lain yang diberi kuasa mendaftar di bawah perniagaan milik tunggal atau perkongsian firma atau Syarikat Sendirian Berhad (Sdn Bhd). (untuk Sdn Bhd - pemohon perlu memegang sekurang-kurangnya 51% saham majoriti).
- Mempunyai perniagaan atas talian yang boleh dilihat dengan mempunyai sekurang-kurangnya 1 daripada yang berikut: -
 - i) Facebook Fanpage atau apa-apa alat Media Sosial yang lain
 - ii) Blog atau laman web
 - iii) Akaun Store / Akaun Premium (Mudah.my, eBay, Lelong)
 - iv) Berdaftar dengan platform *dropship*

Bagi mereka yang mempunyai pengalaman perniagaan kurang dari 2 tahun perlu menghadiri latihan keusahawanan yang dikendalikan oleh SME Bank-CEDAR.

Hamdan Mohd Habibollah merupakan Ketua Pembankan Usahawan, SME Bank. Beliau boleh dihubungi di hamdan@smebank.com.my

Trump Presidency – The Immediate and Long Term Effects

..... by Hayati Abu Seman

Donald Trump has been elected as the 45th US President. Following the Trump's winning, markets were in for a surprise following his hardline rhetoric on immigration and trade protectionism during his election campaign. Republicans retain control of both House of Representative and the Senate. The party campaigned against immigration reforms, public healthcare, gun control and further financial regulation. With both the Presidency and Congress under Republican, the vacant seat for the Supreme Court justice will likely filled by a Republican-nominated candidate.

IMMEDIATE IMPACT

The KLCI ended down 16.2 points or 1% at the end of trading yesterday, on the back of Donald Trump's surprise victory in the US Presidential election. The market fell by as much as 23.42 points to 1,641 before rebounding to close at 1,647.6. The MYR has likewise depreciated against the USD from USDMYR 4.2017 to USDMYR 4.2352 as investors' risk appetite declines. Bearish sentiments will likely linger, particularly on riskier asset classes. The Higher outflow of foreign funds may be expected in the near term though Malaysia's relative strength may place it better positioned than many other emerging market economies. In the near-term, we expect market sell offs to moderate but sentiments to remain bearish, as markets digest the news of a Trump presidency. Nonetheless, the near-term impact would likely be small.

LONG-TERM IMPACT

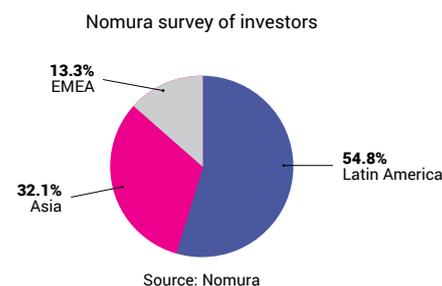
Due to his hardline rhetoric on immigration and trade protectionism during his election campaign, we believe the election result presents some downside risk to emerging economies such as Malaysia. The US is a major trade partner of Malaysia, taking up 10.7% share of Malaysia's total exports and 8.4% share of imports, making it Malaysia's top five largest trade partner. Besides, US companies invest about MYR12bn per annum into the Malaysian economy, albeit the amount gradually diminishing in recent years. The US and Malaysia are also signatories in the recently concluded TransPacific Partnership (TPP) agreement, the biggest trade agreement in history involving 12 countries and USD30trn in market size.

According to a study by PwC, Malaysia is the second largest beneficiary under the TPP, after Vietnam, with export growth projected to rise by 0.54-0.90 ppt in 2027 under TPP, while export-oriented firms in the textiles, automotive components and E&E sectors are expected to benefit from greater market access. The derailing of TPP, if it happens, could have an adverse impact on Malaysia's long-term growth trajectory. Overall, Trump's trade protectionist policies may impact global trade activity that is already in decline and lead to slower global economic growth, presenting downside risks to Malaysia's exports for 2017.

SECTORS THAT COULD BE IMPACTED DUE TO PROTECTIONIST POLICY

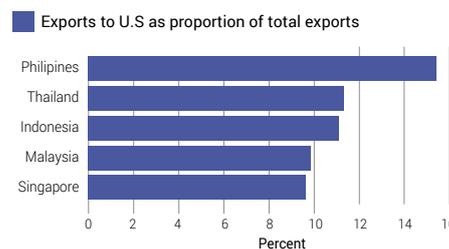
In the short term, this news will have minimal impact on the earnings of the

Which Region Would be Most Affected Under Trump?



At Risk Under Trump?

In Southern Asia, Philippines stands to lose the most



companies as it is uncertain if Trump will follow through with his campaign promises. Things will become clearer after he takes office on 20 Jan 2017. The sector most vulnerable to a protectionist policy are technology based industries.

In overall, it is hard to expect the real impact of Trump's Presidency on Malaysia and Asian region as he will only take office on 20 January 2017. The immediate impact on the financial market will stabilize after some time and for now investors still having wait and see approaches.

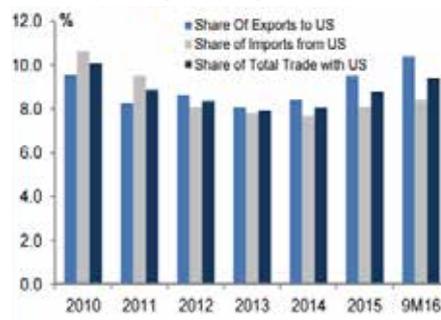
As for the TPPA and trade protectionism policy, despite Trump's earlier rejection of the trade agreement it is maybe part of his campaigns rhetoric. Of course there will be some changes on the US trade policy but it cannot be too radical.

Source: Kenanga Research, RHB Research, CIMB Research, Bloomberg

GDP Growth & Exchange Rate



Share of US Exports, Imports & Trade



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BUSINESS ALERT

..... by Corporate Planning, SME Bank Malaysia

OIL, GAS AND ENERGY



RECENT DEVELOPMENT

- **Oil prices (1st November 2016, Tuesday)** – Oil prices fell sharply on Monday, October 30th 2016, to touch a one-month low on doubts about OPEC's ability to implement its planned production cut, while global equity prices were unstable as Wall Street struggled to build on a sentiment boost from a string of M&A deals. Brent crude settled down at USD1.41 or 2.84%, at USD48.30 a barrel.

OUTLOOK: NEGATIVE

- **MIDF Research:** The upstream oil and gas services industry is still expected remain lackluster into 2017 as charter rates remain low due to a glut and low demand

for large offshore assets. Analysts are not expecting a significant recovery in upstream offshore services industry, especially those involving heavy asset owners such as jackup rigs and offshore support vessels.

- **Kenanga Research:** Crude oil prices are in a period of relative stability, with Brent crude expected to trade within USD45 and USD55 a barrel for the remainder of the year.
- OPEC raised its forecast for global oil demand next year and through the end of the decade, anticipating that cheaper crude will spur consumption even as economic growth slows.
- Demand will reach 95.3 million barrel per day

(bpd) in 2017, an increase of 300,000 bpd from 2016's forecast.

- OPEC also raised its outlook for oil use in 2018, 2019 and 2020, when it sees demand reaching 98.3 million bpd, or 900,000 more than the group projected in its previous annual outlook.
- OPEC assumes crude will average USD40 a barrel in 2016, and it raised its projected price by USD5 a barrel in each of the following years through 2020.

TOURISM



RECENT DEVELOPMENT

- **The Malaysian Aviation Commission (MAVCOM)** has revised the rates for passenger service charges (PSC) at Malaysian airports, effective January 1, 2017. With the revision, PSC for domestic flights are fixed higher at RM11 for all airports, from previous rates of RM6 for KLIA2 and RM9 for KLIA and other airports. Rates for Asean destinations are now set at RM35, compared to RM65 for KLIA, RM32 for KLIA2 and RM65 or RM26 previously for other airports.
- **Hong Kong-based Evergreen Offshore**

Inc launched a private equity fund worth HK\$10 billion (RM5.4 billion) targeting the tourism sector in countries such as Malaysia. The Asia Pacific One Belt One Road Tourism Industry Fund is to invest in Malaysian projects ahead of its other target markets, including Thailand and Vietnam. The decision to debut the fund in Malaysia was "strongly backed" by the evident growth of its tourism industry and the Government's plan to boost its investment to develop the sector.

- **Malaysia Airports Holdings Berhad (MAHB):** Passenger traffic growth in Malaysian airports rose by a robust +12.3% YoY in September 2016, recording a total of 7.5 million passengers. This brings up the cumulative year-to-date growth to +4.4% YoY or 65.1 million passengers.
- Both the international and domestic sectors performed well, recording growth of +15.3% YoY and +9.8% YoY, respectively representing well rounded growth in travel demand.
- A stronger passenger growth is expected in 4Q2016, due to China's golden week, the Formula 1 race and long school holidays. Industry analysts are revising upward

passenger traffic forecast by 1 percentage point from +3% YoY to +4% YoY in 2016.

OUTLOOK: NEUTRAL

- **National Budget 2017:**
 - Extend eVisa to countries in the Balkans and South Asia regions.
- Pioneer Status promotion and Investment Tax Allowance for new 4 and 5 star hotels extended to 31 December 2018.
- Increase in tax deduction from RM500,000 to RM700,000 will be given to encourage sponsorship by the private sector in local and foreign arts, culture and heritage shows and performances.
- Intensify promotion and improve tourism facilities:
- Clean air and ecotourism initiatives.
- Visit ASEAN@50 Year Campaign.
- Malaysia Airlines Bhd expects the number of China passengers to double in the next 18 months. The airline plans to increase its flight frequencies to Beijing and Shanghai and currently in the midst of applying for more slots at the two airports. For record China is the carrier's largest market, accounting.



HEALTHCARE



RECENT DEVELOPMENT

KPJ Healthcare Bhd plans to develop a five-acre piece of land in Batu Pahat, Johor into a RM67.6 million hospital to be known as KPJ Batu Pahat Specialist Hospital. KPJ Puteri Specialist had inked an Agreement to lease with Johor Land Bhd and Johor Corp. for the proposed development and leasing of a hospital building. The proposal is in line with the group's objective to increase its network of hospitals where private healthcare is in demand.

OUTLOOK: NEUTRAL

- **National Budget 2017:**
 - To build new hospitals and clinics in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru.
- To upgrade hospital facilities including provision for cardiology treatment equipment

for Serdang Hospital, Pulau Pinang Hospital and Sultanah Aminah Hospital. This also includes the purchase of 100 ambulances.

- Operations of 340 1Malaysia Clinic, 11 1Malaysia Mobile Clinics, 959 health clinics and more than 1,800 existing rural clinics.
- Supply of drugs, consumables, vaccines and reagents to all government hospitals and health facilities.
- Medical assistance for 10,000 under privileged patients.
- Grants for purchasing equipment to encourage establishment of more private haemodialysis centers.
- **MIDF Research:** Industry analysts expect the soft consumer sentiment to continue putting pressure on consumers' spending habit including on health-related expenses,

especially for consumers who are in the cost-sensitive segment and those who are paying for the medical services via their own pockets spending.

- This has resulted in the marginally lower inpatients admissions recorded in 2015 by the private healthcare operators. These segments which accounts for 30% of private healthcare spending are affected by the rising cost of living due to the implementation of GST and also weakening of Ringgit last year.
- Despite that consumer sentiment remains low, analysts expect the current situation to be temporary and anticipate the sector's earnings growth to remain robust going forward. This is on the back of strong demand for quality private healthcare due to the favorable change in demographic landscape.

COMMUNICATIONS CONTENT AND INFRASTRUCTURE



RECENT DEVELOPMENT

- **Telekom Malaysia Bhd (TM)** has announced its Broadband Improvement Plan for 2017 to provide Malaysians with greater value offerings. Under the initiative, the average broadband speeds for residential UniFi customers will be doubled at the same price. The plan will initially benefit TM's home customers riding on the high-speed broadband (HSBB) and suburban broadband (SUBB) project areas. To date, TM has more than 2.37 million broadband customers, of which over 900,000 are UniFi customers.
- **Bank Negara Malaysia wholly-owned subsidiary Malaysian Electronic Clearing Corp Sdn Bhd (MyClear)** expects to secure 5,000 billers for its JomPAY scheme by 2020, from the current 1,013 entities, as more businesses and consumers migrate to electronic-payment platforms. As at January - September 2016, JomPAY bill-payment volume had grown more than 500% from a year earlier.
- **Microsoft Corp** has unveiled its first-ever desktop computer and a free update to its Windows operating system that allows edits using 3D simulations, in anticipation of reinvigorating its computing business. The Windows 10 Creators Update, upcoming in early 2017, allows mobile devices scan an object on all sides so it can rotate 360° in a photograph. It also allows for three-dimensional graphics in Microsoft's popular PowerPoint presentation software and a new Paint 3D application allows edits in 3D simulations.
- **HP Inc.** expects to cut about 3,000 to 4,000 jobs over the next three years, as the maker of printers and personal computers continues to struggle with a subdued market. The restructuring plan is expected to save USD200 million to USD300 million beginning in fiscal 2020. It also expects about USD350 million to USD500 million in restructuring costs and other charges.



OUTLOOK: POSITIVE

National Budget 2017:

- More affordable broadband packages.
- **The Malaysian Communications and Multimedia Commission (MCMC)** will provide RM1 billion to ensure the coverage and quality of broadband nationwide with broadband speed reaches up to 20 megabytes per second.
- Through MDEC, a sum of RM162 million is allocated to implement programs such as e-commerce ecosystem and Digital Maker Movement as well as the introduction of new location category as Malaysia Digital Hub.
- The Government will also introduce the first Digital Free Zone in the world. It will merge physical and virtual zones, with additional online and digital services to facilitate international e-commerce and invigorate internet-based innovation.

BUSINESS SERVICES



RECENT DEVELOPMENT

- **Malaysian Automotive Association (MAA):** Car sales numbers hit another slow patch in September 2016, but the industry is expecting a slight pick-up in October on the back of new model launches. Total industry volume (TIV) in September fell 5.7% or 2,908 units, to 51,099 units from 48,191 registered in the same month last year. Sales volume for the month tumbled by almost 8% or 4,121 units compared to the previous month's due to stringent hire-purchase loan approvals and consumers are taking a more cautious approach in their purchases of big ticket items.
- **Association of Chartered Certified Accountants (ACCA)~Global Economic Conditions Survey:** Business confidence in Malaysia outperformed that of Singapore and other regional trading partners in the third quarter of the year. On the global front, the survey showed that business confidence was at a 12-month high boosted by increased prospects of government spending and recovery in China and North America. Also the survey as indicating only 19% of companies considered hiring new staff, while 14% were



looking at opportunities to invest in new technology.



OUTLOOK: NEUTRAL

- **International Air Transport Association (IATA) ~ 20-Year Air Passenger Forecast:** IATA expects 7.2 billion passengers or a compound average growth rate (CAGR) of

3.7%, to travel in 2035, a near doubling of the 3.8 billion air travelers in 2016.

- The Asia-Pacific region is forecasted to be the biggest driver of passenger growth with more than half the new passengers over the next 20 years.
- China will displace the US as the world's largest aviation market around 2024. India will displace the UK for third place in 2025, while Indonesia enters the top ten at the expense of Italy.
- Growth will also increasingly be driven within developing markets. Over the past decade the developing world's share of total passenger traffic has risen from 24% to nearly 40% and the trend is set to continue.
- Industry analysts maintain positive outlook on the construction sector premised on the construction of mega transport-related infrastructure projects such as the East Coast Rail Line (ECRL), Pan Borneo Sabah, Light Rail Transit 3 (LRT 3) as well as on-going infrastructure affordable housing that is expected to commence early 2017.

WHOLESALE AND RETAIL



RECENT DEVELOPMENT

- **Nielsen Inc.** - Nielsen Global Survey of Consumer Confidence and Spending Intentions: Malaysia recorded stable consumer confidence level in 3Q2016 with an increase of only 2 points to 89 points compared with 2Q2016. With the nation's economic outlook, the low exchange rate coupled with unstable oil prices, there was little for consumers to shift their mind set on the country's future outlook. The survey indicates that 77% of consumers believing that the nation is in a recessionary state.
- **Bukit Bintang City Centre Development Sdn Bhd** has entered into a joint venture (JV) with Mitsui Fudosan Asia for the development

of the Mitsui Shopping Park Lalaport retail mall at Bukit Bintang City Centre (BBCC). The 1.4 million sq ft mall will have a gross development value of RM1.6 billion. BBCC is the RM8.7 billion redevelopment of the 19.4-acre site in the Kuala Lumpur city centre where the former Pudu Prison used to be. Mitsui Shopping Park Lalaport, which is expected to be launched in January 2017, is poised to be the new centre of attraction for KLites and tourists alike with its indoor retail space as well as an outdoor lifestyle street. There will also be a retail and commercial space in BBCC dubbed as the Malaysia Grand Bazaar.



OUTLOOK: NEUTRAL

National Budget 2017:

- 1Malaysia People's Aid (BR1M).
- MIDF Research: Analysts expect the main catalysts to increase spending for the consumer sector to be: (i) expected increase in tourists from China boosted by the removal of visa requirements and (ii) boost of sales volume by promotional strategies during the festive season (i.e. Christmas and Deepavali). However, the main threats going forward would be the high household debt and the cautious spending behavior of consumers.

CIRI-CIRI USAHAWAN START-UP YANG BERJAYA

by Mohammad Husain Mohd Dawoed

Adakah anda mempunyai apa yang diperlukan untuk menempoh cabaran yang sukar? Berikut adalah ciri-ciri yang membantu pemilik perniagaan kecil berkembang maju.

Tidak kira apa definisi anda untuk berjaya, sejumlah besar ciri-ciri adalah dikongsi bersama oleh ahli-ahli perniagaan yang berjaya. Walaupun anda tidak mempunyai kesemua ciri-ciri ini, jangan risau. Kebanyakannya boleh dipelajari dengan amalan dan dengan menanam sikap yang cemerlang, terutamanya jika anda menetapkan matlamat dan mengaplikasikan diri sendiri melalui perancangan strategik, untuk mencapai matlamat tersebut dengan peningkatan berkala dan peringkat yang boleh diukur.

APA YANG PERNIAGAAN START-UP WAJIB ADA

Seperti mana-mana aktiviti yang anda lakukan, terdapat ciri-ciri tertentu yang diperlukan untuk berjaya dalam aktiviti yang dipilih. Ciri-ciri ini perlu dibangunkan sepenuhnya, dilaksanakan dan diuruskan untuk menjayakan perniagaan anda. Terdapat banyak ciri-ciri perniagaan tetapi ciri-ciri yang lebih penting yang diperlukan untuk memulakan, mengendalikan dan mengembangkan perniagaan kecil yang menguntungkan adalah seperti dibawah:

1. MELAKUKAN SESUATU YANG MENYERONOKAN

Apa yang anda dapat dari perniagaan anda dalam bentuk kepuasan peribadi, keuntungan kewangan, kestabilan dan keseronokan akan menjadi pendorong atau input yang anda masukkan ke dalam

perniagaan anda. Jadi, jika anda tidak seronok melakukannya, kemungkinan besar perniagaan anda tidak akan berjaya.

2. BUAT SESUATU PERKARA DENGAN SERIUS

Anda tidak boleh mengharapkan kejayaan dalam perniagaan melainkan anda benar-benar percaya dalam perniagaan anda dan dalam barangan dan perkhidmatan yang anda tawarkan. Terlalu banyak pemilik perniagaan startup gagal untuk memandang serius perniagaan mereka sendiri, tidak ada motivasi dan senang tersasar fokus. Mereka juga menjadi mangsa kepada segelintir yang tidak mengambil mereka secara serius kerana mereka tidak bekerja di bangunan pejabat, kedai atau kilang. Ramai yg tidak mengetahui bahawa bilangan orang yang menjalankan perniagaan kecil dan mendapat pendapatan tahunan yang sangat baik, telah berkembang dengan pesat dalam tahun-tahun kebelakangan ini.

3. MERANCANG SECARA TELITI

Merancang setiap aspek perniagaan startup anda adalah bukan sahaja satu kemestian, tetapi juga membina tabiat yang setiap pemilik perniagaan kecil perlu ada, laksana dan kekalkan. Tindakan merancang perniagaan adalah amat penting kerana ia memerlukan anda untuk menganalisa setiap keadaan perniagaan, penyelidikan dan menyusun data, dan membuat kesimpulan berdasarkan kepada fakta-fakta yang dinyatakan melalui penyelidikan tersebut. Perancangan perniagaan juga bertindak sebagai fungsi kedua, iaitu memastikan matlamat anda dan bagaimana untuk mencapainya, di atas kertas. Anda boleh menggunakan pelan anda sebagai peta untuk membawa

anda dari titik A ke Z dan sebagai kayu pengukur untuk mengukur kejayaan setiap pelan individu atau segmen dalam rancangan itu.

4. MENGURUS WANG DENGAN BIJAK

Nadi mana-mana syarikat perniagaan adalah aliran tunai. Anda perlukan aliran tunai untuk membeli inventori, membayar perkhidmatan, mempromosi dan memasarkan perniagaan anda, membaiki dan menggantikan alat dan peralatan, dan membayar diri anda supaya anda boleh terus bekerja. Oleh itu, semua pemilik perniagaan kecil mesti menjadi pengurus wang yang bijak untuk memastikan bahawa wang tunai terus mengalir dan bil-bil dibayar. Terdapat dua aspek pengurusan wang yang bijak:

- Wang yang anda terima daripada pelanggan dalam pertukaran untuk barangan dan perkhidmatan yang anda tawarkan (pendapatan)
- Wang yang anda belanjakan dalam inventori, bekalan, upah dan lain-lain yang diperlukan untuk memastikan perniagaan anda beroperasi (perbelanjaan)

5. MENCAPAI JUALAN

Seorang usahawan perniagaan startup perlu sentiasa ingat bahawa pemasaran, pengiklanan, atau aktiviti promosi tidak mempunyai nilai, kecuali jualan dicapai. Ini tidak bermakna kita tidak memerlukan seorang jurujual yang hebat, pakar pengiklanan dan penulisan iklan atau pakar perhubungan awam. Walau bagaimanapun, semua kemahiran ini akan menjadi sia-sia jika anda tidak aktif meyakinkan orang ramai untuk membeli apa yang anda jual.

6. SENTIASA INGAT PELANGGAN ANDA

Perniagaan startup anda bukanlah memfokuskan kepada produk atau perkhidmatan yang anda jual. Perniagaan anda bukan tentang harga yang anda kenakan untuk barangan dan perkhidmatan anda. Perniagaan anda bukan juga berkenaan persaingan dan bagaimana untuk mengalahkannya mereka. Perniagaan anda sebenarnya memfokuskan kepada pelanggan anda. Lagipun, pelanggan anda adalah orang-orang yang akan menentukan arah perniagaan anda. Semua yang anda lakukan dalam perniagaan mesti fokus kepada pelanggan, termasuk dasar anda, jaminan, pilihan pembayaran, waktu operasi, persembahan, pengiklanan dan kempen promosi dan laman web. Selain itu, anda mesti tahu siapa pelanggan anda.

Mohammad Husain Mohd Dawoed merupakan Timbalan Presiden CEDAR. Beliau boleh dihubungi di husain@smebank.com.my

Rich Entrepreneurs, Poor Entrepreneurs

by Hanzo Ng

Have you ever met a rich entrepreneur? I'm sure you have. Have you also met a struggling entrepreneur? I'm sure you also have. Ever wonder why some people hit a pot of gold while others hit the wall?

Well, rich entrepreneurs love selling all the time while their poor counterparts consider selling as a low-skill affair. Poor entrepreneurs start a business but leave the selling job to others. On the other hand, rich entrepreneurs know selling is part of the CEO's job.

Tan Sri Tony Fernandes is a great example of CEO who loves selling. He gives speeches all the time. He sells his AirAsia brand at any given opportunity. To him, selling is important and selling never stops.

Rich entrepreneurs have a DO mindset. Poor entrepreneurs have a HOPE mindset. They harbour hope that the government will launch some grants for them, that the government will loom after their interest, or the market will always favour them.

Why do rich entrepreneurs set their sail and indulge in massive action? Because that's the only way he can find out if his plan can work out and if it doesn't, he's to improve on the activity and strategy to ensure it works.

STORMING INTO ACTION

Merely sitting around chatting, gossiping and complaining is what kept struggling entrepreneurs struggling. Stop hoping and do something different fast!

Rich entrepreneurs believe in education while poor entrepreneurs think they know it all. As the rich have taken massive action, they learn through experience. There are countless stories of entrepreneurs without any formal education, yet they ended up building super large companies.

Education here doesn't only mean studying in school. It can be taken to mean learning from personal experience or that of others. Poor entrepreneurs pursued a similar path, hoping it will work because they have seen it all, know it all, and done it all. Unfortunately, the life lesson they have learnt is inadequate to sustain their ultimate goals.

Rich entrepreneurs focus on their visions. Poor entrepreneurs focus on the past. Regardless whether the past is good or bad, anyone who focuses on past glories will never make breakthroughs. Successful people live in the present but focus on the future.

DREAM BIG

We focus on what we want to achieve by living and nurturing our dreams. Business tycoons keep growing their empire because they don't want to get complacent over their past achievements.

Rich entrepreneurs also have big visions. There is nothing wrong with wanting to achieve small goals except that it has no 'cannon power'. Finally, rich entrepreneurs surround themselves with fellow rich entrepreneurs. Poor entrepreneurs, on the contrary, mix around with fellow poor entrepreneurs.

People tend to be with others who are like themselves because it reflects social context and social engagement. If a struggling entrepreneur mixes with a rich one, the rich one might be talking about investment whereas the poor one may just be busy wanting to pay the bills.

Because of contextual issues, the poor ones choose to stay with their own level of comfortable conversations. I was

very fortunate because when I was in my early 20s, I attended lots of personal development seminars on my own. There, I met lots of people who were way better than I was. I simply love being around them because they talked business, motivation and ideas about spurring growth.

Such is the type of high level conversations I love. So, start mixing around with high level people!



Hanzo Ng is currently the Group CEO of The Sales Ninja Group, a regional sales solutions company. For more information on Sales Ninja's programme or training, visit www.SalesNinja.asia.

Five Leading Tips for HR Professionals

..... by Shahrir Amran

In order to manage HR and people strategy, HR leaders need to enjoy working with people first and foremost. However, to really thrive we must be aware of the business as a whole; understanding its goals so that we can adapt people strategy to have a positive impact on the organisation. Here is some of the best advice from the HR experts:

Use the tips below when you are drafting a job description:

1

Understand The Commerciality Behind Everything You Do

HR directors are not just responsible for 'the people stuff' in their organisations – they are part of the leadership team. You need to get away from the desk and find out what's happening in the business at every level. What are the challenges other department heads are facing? Can you learn from this – or can you help? HR directors should have a vast amount of knowledge to share with other leaders, so don't be afraid to be a trusted adviser to them.

2

Make Sure You Put The Right Tools In Place

The success of people strategy lies in having the right tools in place as a foundation, to ensure you can succeed at the higher level stuff. So take advantage of HR technology and analytics to measure your outcomes in comparison to your inputs. Tools like this also allow you to see what's working and what's not

– and to react in real time. Then when you have a stellar result from your HR strategy you'll be able to report it to other board members and demonstrate the effectiveness of your initiatives.

3

Understand The Business' Purpose And Vision, And Do What You Can To Support Them

A lot has been written about who the 'customers' of HR directors actually are – is it the people in the organisation, the board and stakeholders, or clients? I would say it's all three, and as a strategic people director you should be able to see the connections between these parties. Understand the business targets for the year ahead and then ensure your department aligns its strategy with them. If you're clear about what the purpose and vision of the business are you'll be able to understand how the culture you develop can motivate people to achieve these goals.

4

Concentrate On The Strategic, Delegate Or Outsource The Day-To-Day Stuff

Think of delegating HR operations in terms of 'empowerment'. If you as the people director empower employees to take on recruitment, performance management, and reward they will feel valued and enabled to carry out tactical HR duties. This frees up time for you to focus on strategic HR – employee engagement, talent development, breaking silos, nurturing innovation, and developing a collaborative culture. If all these are linked to the overall business

plan you can effectively instigate a results-driven people plan.

5

Make Sure Culture And Values Are Lived Throughout The Organisation

The culture of an organisation has to be lived and breathed by all its members: from the board down to new recruits. Often leaders forget or underestimate the importance of culture and values. They can't just be written in the staff handbook or stuck on the wall. Skills can be gained through learning and development, yet if a new employee doesn't fit in with your culture they will never be able to help your business succeed.

It's vital that every decision you make and every person you recruit fits into the culture and values of your business, because if you make values-led decisions the rest will fall into place.



Shahrir Amran is the Director of Group Human Capital Management, SME Bank Malaysia. He can be reached at shahrir.amran@smebank.com.my.

Temubual oleh Norhisham Hamzah

SEMBANG USAHAWAN bersama

En Mohd Fitri Md Aris

Presiden

Nama Syarikat

Azman Hamzah Plastik Sdn Bhd

Bidang Perniagaan

Pembuatan komponen plastik dan logam industri automotif

Alamat Perniagaan

Lot 10, Jalan Bursa 23/4, Section 23, 40300, Shah Alam, Selangor

Telefon

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Azman Hamzah Plastik Sdn Bhd (AHP) ditubuhkan pada tahun 1989, iaitu di zaman permulaan industri automotif negara, dengan operasi kilang pertama di Seksyen 23, Shah Alam. AHP yang telah bertahan selama dua puluh tujuh tahun dalam industri pengeluaran barangan automotif merupakan pengeluar barangan 'Plastic Injection Moulding' (PIM) untuk nama-nama besar seperti Proton, Perodua, UMW Toyota, Isuzu, TS Lear dan Delloyd Industries. Selain daripada mempunyai kepakaran dalam mengeluarkan barangan PIM untuk industri automotif, AHP juga mengeluarkan barangan PIM untuk pelanggan-pelanggan dari industri barangan elektrik.

BizPulse telah menemui Presiden AHP, iaitu En Mohd Fitri MD Aris, untuk mengetahui dengan lebih lanjut lagi tentang pengalaman, pengetahuan dan pendapat beliau dalam dunia keusahawanan.

S: Apakah yang mendorong anda untuk menceburi perniagaan sekarang dan boleh ceritakan secara ringkas tentang perniagaan anda?

Saya menamatkan pengajian tinggi pada 1983. Selepas beberapa tahun bekerja di sebuah syarikat kejuruteraan sebagai eksekutif teknikal, saya terfikir untuk membuka perniagaan sendiri memandangkan banyak peluang perniagaan yang terbuka kepada anak-anak bumiputera yang ditawarkan kerajaan. Pada masa itu Perdana Menteri Tun Mahathir banyak memberi motivasi dan inspirasi kepada anak-anak muda untuk menceburi bidang perniagaan untuk menaikkan taraf ekonomi bumiputera. Setelah berbincang dengan keluarga dan pihak industri, saya pun menamatkan perkhidmatan saya dengan majikan dan menceburi bidang pembuatan, iaitu komponen automotif. Ini memandangkan pihak PROTON memerlukan banyak komponen automotif tempatan bagi mengurangkan kos pengeluaran kereta nasional dan memajukan industri automotif pada masa itu. Saya memanfaatkan pengalaman kerja dan kelulusan kejuruteraan saya untuk membina tapak perniagaan di dalam industri ini.

Bermula sebagai vendor Tier 1 kepada Proton dan bertanggungjawab dalam membekal

bahagian model lengkap, AHP kini juga merupakan pembekal utama kepada Perodua, MTB dan pengeluar dan vendor automotif lain dan juga pengeluar barangan elektrik.

S: Apakah strategi atau konsep perniagaan anda yang berbeza daripada pesaing lain?

Demi meningkatkan daya saing dan untuk sentiasa kekal relevan di dalam industri, syarikat juga memberi tumpuan kepada produk plastik yang mempunyai rekaan industri moden bagi menarik para pelanggan.

Untuk meningkatkan kecekapan dan pengurusan kos, AHP mengendalikan operasi pengeluarannya di dua buah kilang di Shah Alam, Selangor dan dua buah lagi di Tanjong Malim, Perak dan Bukit Beruntung, Selangor di mana jarak operasi berdekatan dengan pelanggan-pelanggan utama kami. Setiap kilang beroperasi untuk tiga syif setiap hari dan mengendalikan pelbagai proses seperti ultrasonic welding, vibration welding, hot plate, tooling fabrication, course injection moulding dan pemasangan produk. Antara strategi lain dalam memastikan kepuasan pelanggan ialah melalui Kajian & Penyelidikan (R&D) untuk menghasilkan produk-produk baru yang lebih inovatif. Melalui mesin-mesin berteknologi tinggi beserta sistem perisian komputer, AHP mampu menghasilkan lebih daripada 400 jenis produk plastik termasuk komponen plastik dalaman & luaran kereta.

Tambahan pula, dengan adanya fasiliti *tooling* yang moden dan canggih, AHP dapat menawarkan harga yang menarik kepada para pelanggan untuk setiap keluaran syarikat disebabkan oleh pengurusan kos yang efisien. Fasiliti pewarnaan produk juga merupakan salah satu kelebihan AHP dalam memberi kepuasan optimum kepada para pelanggan. Selain daripada produk bermutu tinggi yang dihasilkan oleh fasiliti moden dan canggih, rahsia kejayaan AHP terletak pada pengurusan kewangan yang jitu dan cermat.

Keutamaan pelanggan; jujur dan amanah; kerja berpasukan; komunikasi berkesan; dan keutamaan kualiti adalah nilai-nilai teras yang telah menjadikan AHP sebagai salah satu pemain utama dalam industri automotif Malaysia selama lebih daripada 29 tahun. Sepanjang tempoh ini, AHP telah berkembang untuk mengekalkan daya saing dengan pemain-pemain lain dalam industri automotif.

S: Apakah pencapaian terbesar syarikat setakat ini dan aspirasi perniagaan anda di masa akan datang?

Tunjang utama kejayaan AHP bertahan di dalam industri automotif sebagai salah satu syarikat yang berjaya dan berdaya saing adalah terletak pada Sistem Pengurusan Kualiti (Quality Management System) AHP. Penerapan sistem ini menunjukkan komitmen syarikat untuk menjaga kualiti proses & produk pengeluaran dan pada masa yang sama memberikan kepuasan optimum kepada para pelanggan AHP. Ini sejajar dengan motto AHP iaitu "Kepuasan pelanggan dalaman dan luaran adalah keutamaan kami". AHP telah menerima pelbagai anugerah sistem pengurusan kualiti termasuk ISO/TS 16946 (2004); ISO 14001 (2014) dan OHSAS 18001 (2014).

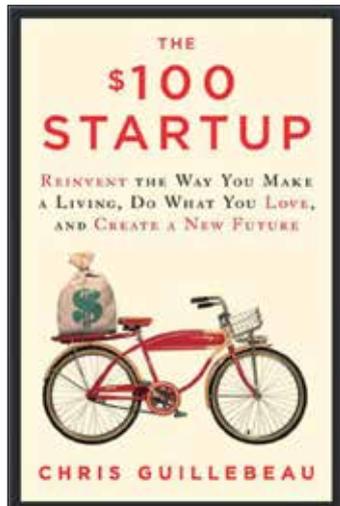
Kualiti dan kecekapan dalam pengeluaran produk telah menaikkan nama AHP sebagai IKS yang berjaya. Ini ditunjukkan dengan pencapaian dan anugerah yang telah diperolehi sejak penubuhan syarikat. Antara anugerah yang telah diterima adalah "Proton Vendor Award (Most Improved In Quality), 2009"; "Platinum Award for Lean Practitioner Program by Proton & Nevelle Clarke", 2010; "The Brand Laureate SMEs Corporate Branding Award-Manufacturing Plastic Injection Moulding", 2014.

Visi AHP adalah untuk menjadi pengeluar plastik komponen automotif progresif dan dinamik, yang terkenal di rantau ini, manakala misi AHP untuk dikenali dan acknowledged sebagai pengeluar reka bentuk asal terkemuka bagi komponen plastik automotif, yang menekankan kepada inovasi dan daya saing.



THE \$100 STARTUP:

Reinvent the Way You Make a Living, Do What You Love, and Create a New Future



Author: Chris Guillebeau
Hardcover: 304 pages
Publisher: Crown Business (2012)

Imagine handing a letter to your boss that reads, "Dear Boss, I'm writing to let you know that your services are no longer required. Thanks for everything, but I'll be doing things my way now."

Reviewed by Ahmad Azuar Zainuddin

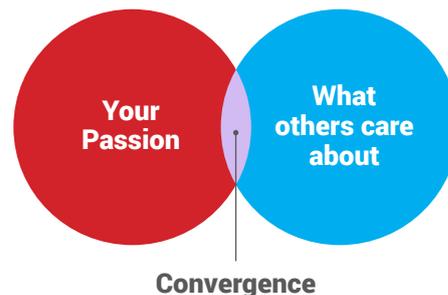
In *The \$100 Startup*, author Chris Guillebeau aims to share how you could start leading a life of adventure, meaning and purpose – and earn a good living. Still, in his thirties, the author has completed a tour of every country on earth – all 193 nations – and yet has never held a real job or earned a regular paycheck. There are many others like Chris who've found ways to opt out of traditional employment and create the time and income to pursue what they find meaningful; achieving a perfect blend of passion and income. The central idea of this book is about building your way to freedom through a micro-business based on a skill, hobby or passion.

In preparing to write the book, the author identified 1,500 individuals who have built businesses earning \$50,000 or more with a modest investment; in many cases, \$100 or less. From this group, he's chosen to focus on the 50 most fascinating case studies. In nearly all cases, people with no special skills discovered aspects of their personal passions that could be monetised, and were able to restructure their lives in ways that gave them greater freedom and fulfillment.

The book is a distillation of these valuable lessons into one easy-to-use guide or a gateway to self-fulfillment. It is all about finding the convergence between your "expertise" – even when you don't consider it such – and what other people will pay for. You don't need an MBA, a business plan or even employees. All you need is a product or service that springs from what you love to do anyway, willing to pay and a way to get paid.

Rather than dealing in generalities, the book deals in specifics, from how much money were required by these groups of unexpected entrepreneurs; what these individuals did to generate significant cash in the first weeks and months; some key mistakes made along the way; and the crucial insights that made the business stick. Among the key lessons from the book is that most people want more of the same things (money, love, attention) and less of other things (stress, anxiety, debt) and if you can add or take them away to improve someone's life... be prepared to get paid.

Although the idea of micro-businesses isn't new, technological advancement means that we are now able to test, launch and our business quickly and on the cheap. What is left is to find the intersection between your passion and skill with something that is useful for other people.



Ahmad Azuar Zainuddin is a Senior Associate at the Centre for Entrepreneur Development and Research (CEDAR), a wholly owned subsidiary of the SME Bank Malaysia. He can be reached at ahmad.azuar@smebank.com.my.

ENTREPRENEURS' EVENT CALENDAR

7-9
Dec

Aerospace Business Convention Kuala Lumpur

Venue:
To be announce

Aerospace Business Convention Kuala Lumpur is an excellent opportunity for leaders of the aerospace industry to meet with potential industry partners. So much more than a traditional show; Kuala Lumpur International Aerospace Business Convention is a B-to-B matchmaking platform.

www.malaysia.bciaerospace.com

8
Dec

CEDAR MindLab Series

Venue:
Menara SME Bank, Kuala Lumpur

Today's business world is becoming more challenging and competitive. This situation is further exacerbated by the uncertain global and local market environments. With its Mindlab Series, CEDAR brings together business professionals, subject matter experts and the SMEs for an in-depth and thought provoking session to discover the business strategies and instincts contributing to their successes and failures.

www.cedar.my

8-9
Dec

Global Entrepreneurship Community 2016

Venue:
Kuala Lumpur Convention Centre

Global Entrepreneurship Community 2016 (GECCommunity 2016) brings together ecosystem influencers, startup communities and industry leaders from all over the world to collaborate and find new innovative approaches to solve real problems and chart the way forward for entrepreneurs.

www.gecommunity.co