

Media Coverage

Singapore corporates need to revive their start-up spirit to thrive in current slowdown

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The present market uncertainty should not stunt small and middle-sized companies' international growth ambitions, so long as the risks are understood and properly managed. And while it may feel counter-intuitive in this period of volatility, companies should not lose sight of the entrepreneurialism that drove their earlier business success as a start-up.

Expanding abroad can be a nerve-wracking time for businesses, conjuring up insecurities and uncertainties they probably have not felt since being a start-up.

And while their nerves would not be eased by the current volatility and export slowdown, most Singaporean small and middle-sized companies (MMEs) would recognise that the benefits of continued expansion continue to outweigh the short-term cyclical bumps that we are currently seeing.

But rather than shying away from the attributes that brought them initial success, MMEs should in fact embrace them as a distinct advantage over some of their bigger competitors abroad.

Indeed, adopting the same spirit of entrepreneurialism, innovation, nimbleness and tenacity of a start-up could actually be the key ingredients for businesses to thrive in their next wave of expansion.

Localise strategy, build demand – and then focus on competitors

Internationally-oriented MMEs tend to fall into the trap of believing that globalisation, or even regionalisation, makes for a one-size-fits-all approach.

However, in reality, each market will be quite unique so being able to flexibly execute strategy, respond to changing market conditions and pivot quickly if results are not promising are crucial.

MMEs typically have their management closer to the frontline compared to larger corporates and they should capitalise on this to quickly identify icebergs and swiftly maneuver their course.

Somewhat counter-intuitively as well, the quickest way to first gain traction in a new market often is to aim small.

Having gained confidence from their initial their domestic success, MMEs can often launch themselves with a bigger bang when they enter a new market.

But this can be a mistake.

Instead, focus on creating a highly attractive value proposition for a smaller group of buyers – like a start-up typically would – could be more beneficial. With a narrower sales focus, there are savings in time, effort, and expenses, combined with cementing a reliable pool of buyers.

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Companies also need to recognise that in a new market, generating such steady demand is more important than beating the competition. This is especially for products which may be relatively new to the market and where customer inertia exists.

In the quest to convert wavering prospects into real buyers, competitors can be allies, to educate customers or to call attention for the product to be considered seriously.

Seeking efficient partnership arrangements

Companies that are expanding tend to leverage on the expertise of a local partner as they are less familiar with the new market.

While finding the right fit is ultimately a leap of faith, companies will again stand more to gain if they push themselves to think like a start-up when structuring their partnerships.

This includes exploring different ways in structuring their joint ventures and addressing potential problem areas from the beginning.

This can sometimes be more easily achieved as a smaller company than a large one.

Thrashing out the difficult questions – such as what are the regular drawings against profits, who will be responsible for specific liabilities, the basis for partner expulsion and how a partnership dissolution will be handled – before they rear their heads and emotions run high is best.

Knowing what it takes to retain local talent

A highly common – and equally frustrating – struggle of regional expansion is in finding and retaining local talent.

Whilst it can sometimes be hard to compete with some of the bigger competitors with remuneration, MMEs need to understand what their points of differentiation are and leverage them.

In today's world, a renowned corporate brand name and monetary incentives do not necessarily triumph. Instead, employees want to be recognised and believe they have a strong role to play in a company's future direction.

Typically in an MME, employees will be closer to management and the decision-making process compared to large corporates. As such, if staff recognise that they are a part of the business' growth and have clear advancement prospects, they are more likely to remain engaged and loyal.

Remember what made you an initial success

Building a strong and successful international presence is never a simple feat — it is fraught with risks and requires not just careful coordination but tenacity, courage and an ability to think out-of-the-box.

It can be easy for MMEs to think they have no place in a new country when they see some of the bigger players in the market.

However, MMEs can do well to remember that the entrepreneurial attributes that made them an earlier success can actually be turned to their advantage.

This is the differentiating characteristic which enables companies to evolve and be profitable for the long term, versus becoming stagnant and easily destructible. It takes work to maintain an entrepreneurial spirit, but all companies, not just start-ups, can certainly have it.