



**INAUGURAL V3 GROUP PROFESSORSHIP IN
FAMILY ENTREPRENEURSHIP LECTURE**

**Innovation in Singapore-Based Family Owned
Enterprises: Key Insights**

15 August 2019

Commitment, Capability, Collaboration

The 3Cs of Innovation in Singapore-based Family Businesses

Professor Annie Koh

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About the V3 Group Professorship in Family Entrepreneurship



**“The family unit is the most vital
and sustainable unit of society.
In order for family continuation
to exist, and longevity and
legacy to be built,
FAMILY ENTREPRENEURSHIP
is key.”**

**- Mr Ron Sim,
Founder, Executive Chairman and
Chief Executive Officer, V3 Group**

About the V3 Group Professorship in Family Entrepreneurship

V3 Group donates S\$3m to SMU to establish professorship in family entrepreneurship

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Singapore

LIFESTYLE and wellness products firm V3 Group, headed by OSIM founder Ron Sim, has committed S\$3 million to setting up the V3 Professorship in Family Entrepreneurship at the Singapore Management University (SMU).

The inaugural professorship was set up in partnership with the university's Business Families Institute (BFI), of which Mr Sim has been a Founding Family member since 2013.

It will support research and programmes on best practices in family entrepreneurship.

These include areas such as the creation of shared family values and effective succession planning, resources to encourage innovations and entrepreneurship in families, as well as family wealth management and investments.

The professorship was launched at the BFI's fifth anniversary gala dinner celebrations on July 27.

It will be awarded to an outstanding SMU faculty member who will contribute to the development of family entrepreneurship through research, teaching and engagement with industry, said V3 in a press release on Tuesday.

"The family unit is the most vital

and sustainable unit of society. In order for family continuation to exist, and longevity and legacy to be built, family entrepreneurship is key," said Mr Sim.

"I am confident that through this newly established V3 Group Professorship in Family Entrepreneurship, SMU will be able to generate more research insights and develop relevant programmes on family entrepreneurship, and make a positive and meaningful impact on business families across the region."

SMU president Arnoud De Meyer said that the university is looking forward to continuing its longstanding partnership with Mr Sim and the V3 Group.

"This gift will strengthen BFI's knowledge base and its research on issues pertinent to business families, thereby cementing BFI's position as South-east Asia's pioneer regional business family-centric institute focused on addressing the needs of business families in the region," he pointed out.

A commemorative book titled *The 4Gs of Business Families* was also launched by Grace Fu, Minister for Culture, Community and Youth, at the dinner. It features interviews with 34 business families from 10 countries across the Asia-Pacific, Europe and the United States.

Source: The Business Times, 15 Aug 2018

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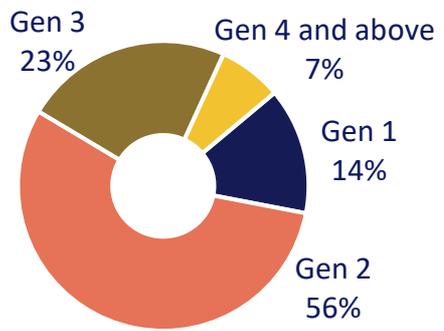
Objective of the Research Survey

This research study aims to explore Singapore-based family firms' attitude and approach towards innovation. Specifically, by considering both internal and external drivers of innovation, the results of the study will shed light on factors that will influence and impact family firms' innovation capabilities.

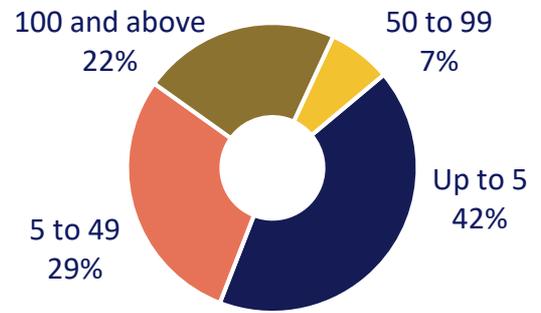
Innovation in Singapore-Based Family Enterprises

- Research Period: December 2018 to May 2019.
- Sample of 86 business families in Singapore.
- Research Survey collected data on importance of innovation activity, and catalysts of innovation and impact of innovation on firms' performances.
- Majority of companies are SMEs up to S\$5 million turnover per year, and a good 20% comes from larger corporations with annual turnover of over S\$100 million.

Generations



% of Family Firms in Sales Turnover (S\$m)



Why Innovation Matters?

83%

To Grow Beyond the Limited Size of Domestic Market

76%

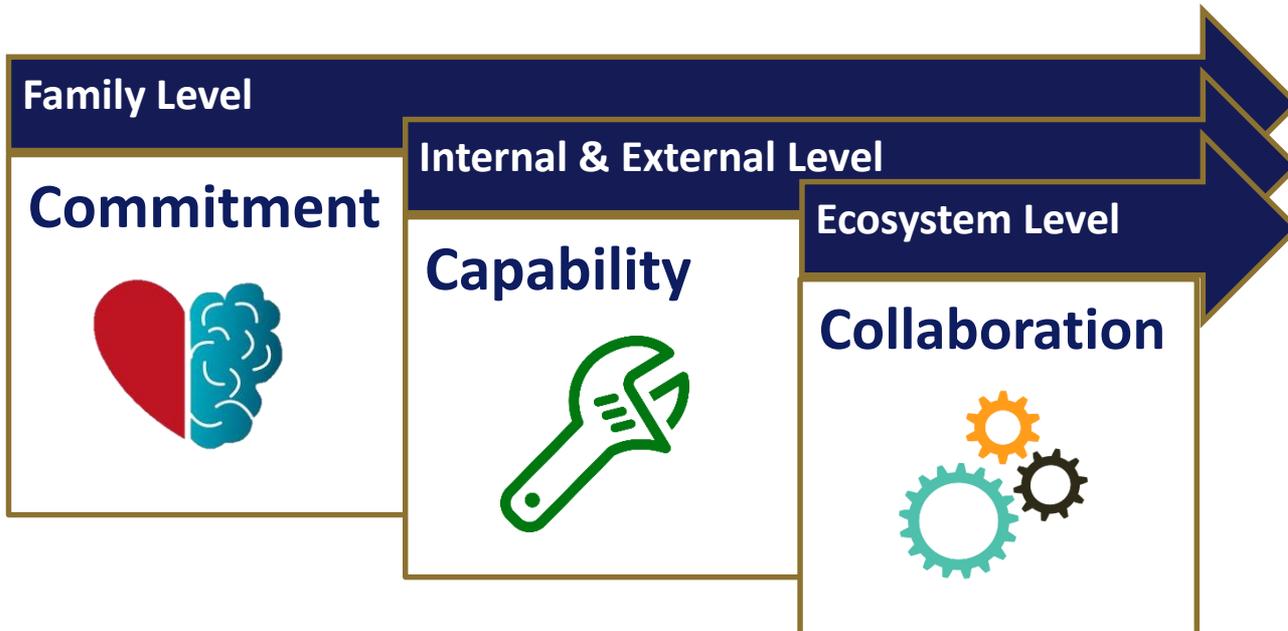
To Explore Other Pathways Before Entering the Family Business

74%

To Withstand Acute Competition in Their Industries

The 3Cs of Innovation

The insights from the survey point to the 3Cs of innovation for family firms:



The 1st C – COMMITMENT

Family firms are committed to building successful businesses, but in order to scale and be sustainable, they have to be innovative.

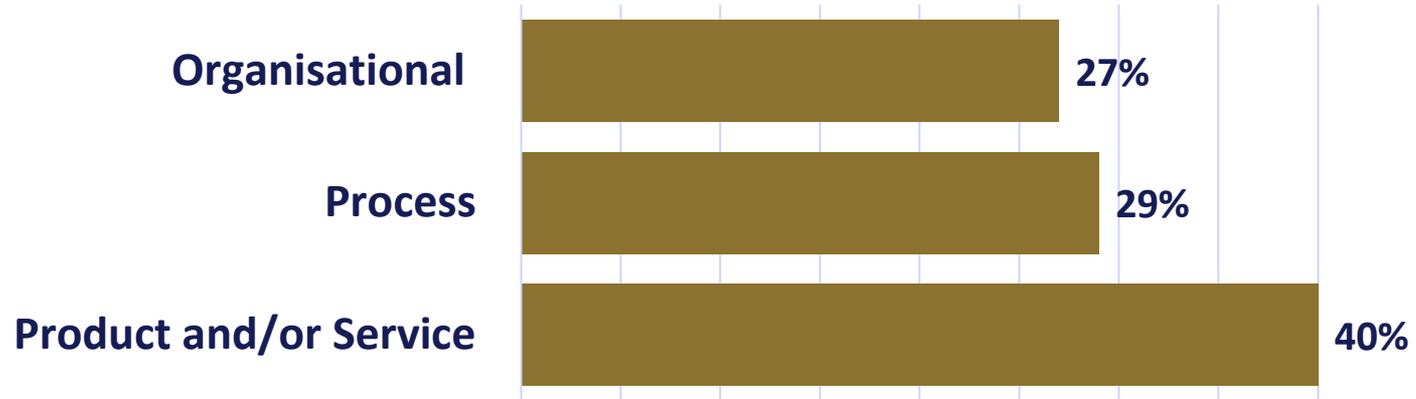
To begin, family firms need to understand the different types of innovation and how each of them helps in the growth of their enterprises.

3 Key Innovation Types:

- Product and Service Innovation
- Process Innovation
- Organisational Innovation



How Family Firms ranked the Importance of Various Types of Innovation



Product Innovation – Sing Lun Holdings

Apparel manufacturer to technical sportswear manufacturer

Mark Lee, CEO, Sing Lun Holdings Pte Ltd, and Chief Evangelist, SL Global Pte Ltd felt that with the megatrend of an ageing population, there will come a need for people to age gracefully, and more people will become health conscious. As such, he decided to take a bet and took a lesser known brand – Under Armour as his first sportswear client.



Photo Credit: The Business Times

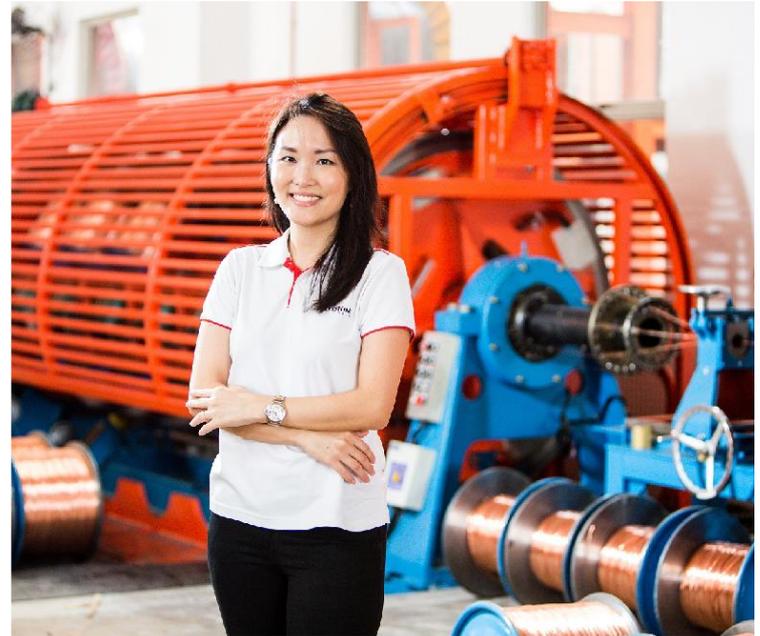
Extracted from "The 4Gs of Business Families" BFI 5th Anniversary Commemorative Book.

Process Innovation – Keystone Cable

The People Way for Digitization and Automation

“As we embark on our digitization and automation adoption, we recognize that more important than the technology, we need employees who are willing to learn and embrace these changes to make it sustainable. So we get them involved in cross-team collaborations on various project workstreams from the onset to build that sense of ownership.”

Pearl Yu, Director, Marketing & HR, Keystone Cable



Organisational Innovation – Luxasia

Unlocking Opportunities with Technology

“Transformation is challenging. Transformation, with the end-consumer in mind, is much tougher. A noteworthy innovation would be the enhancement of fulfilment centres to enable B2C shipments and B2B bulk orders. The implementation was a massive change management effort, affecting physical restructuring of spaces, underlying technology systems, operational logistics processes, and most importantly, the reskilling of young and experienced talents alike. We are proud and thankful to have many long-serving talents who are willing to learn and grow together with us as we transform”.

Ms Sabrina Chong, Group Head of Corporate Development, Luxasia



BFI@SMU FUTURE SERIES

The SIA Story - Driving Digital Innovation the People Centric Way
(May 2019)

The Future of Print - A Kaleidoscope of Options
(Mar 2018)

Future of Logistics: Robotics, Automation and Analytics
(Feb 2018)



P&G Innovation: Bringing Science to Life
(Sep 2017)

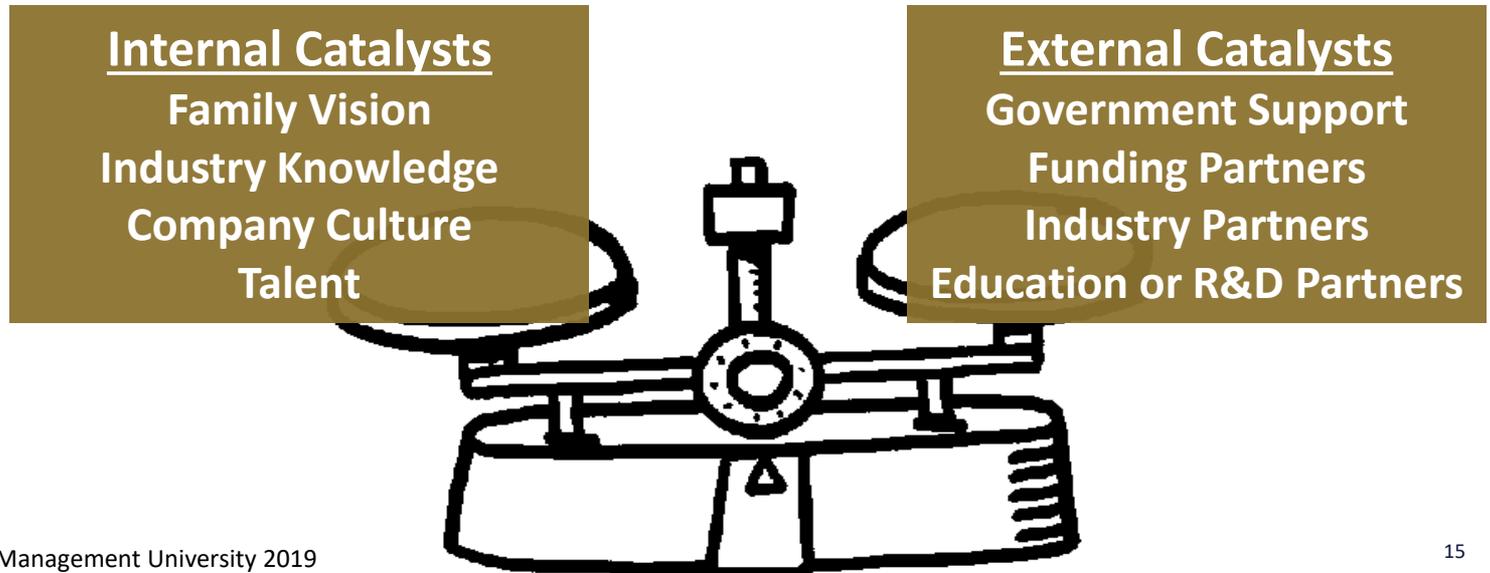
Your Visa to the Future of Payment and Retail
(Aug 2017)

Going Digital – The Role of Google in Businesses
(Mar 2017)

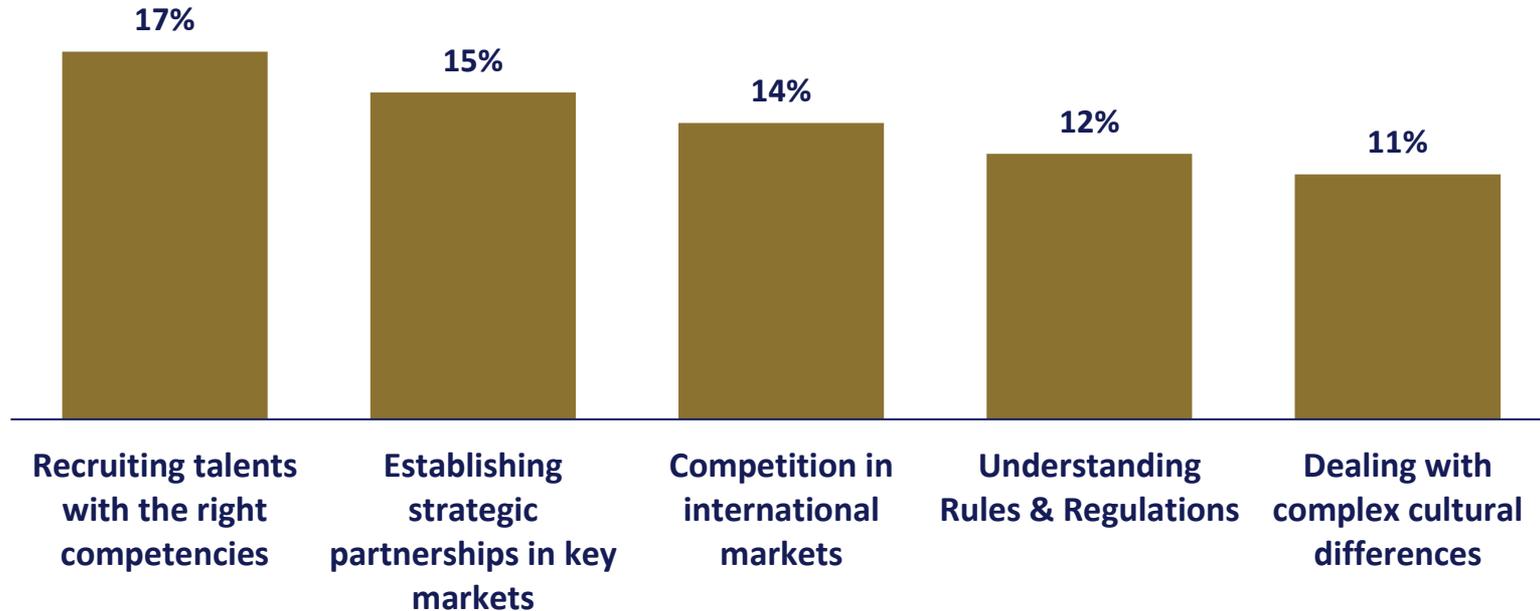
A Customer-Centric Innovation Space – Role of IBM in Digital Transformation for Businesses
(Jan 2017)

The 2nd C – CAPABILITY

The interplay between internal and external catalysts to drive innovation. Innovation cannot happen in isolation. One must have an open mindset and positive attitude towards internationalisation. It is important to work with partners to overcome challenges towards internationalisation and keep spurring innovation.



Barriers to Overseas Expansion



INTERNAL CAPABILITY – EXAMPLE OF TALENT DEVELOPMENT



- **HMI Group** created a pipeline of talent through holistic training programmes by HMI Institute.
- Met the sharp increase in demand for skilled healthcare professionals with the support from government.
- Staffing requirements met, employees motivated with aligned interests, existing skills upgraded to support new business growth.

Importance of Government Support for Innovation

69%

- agreed that financial assistance from government was helpful in developing innovation capabilities.

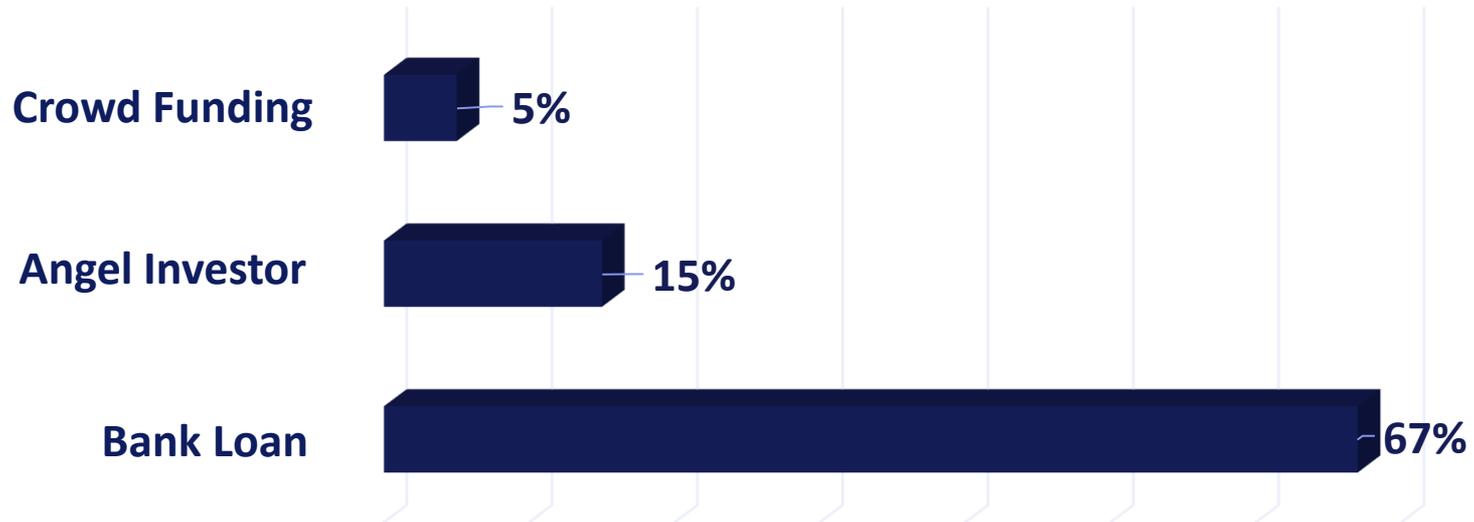
56%

- agreed that Singapore's legal and regulatory framework helps to build innovation capabilities.

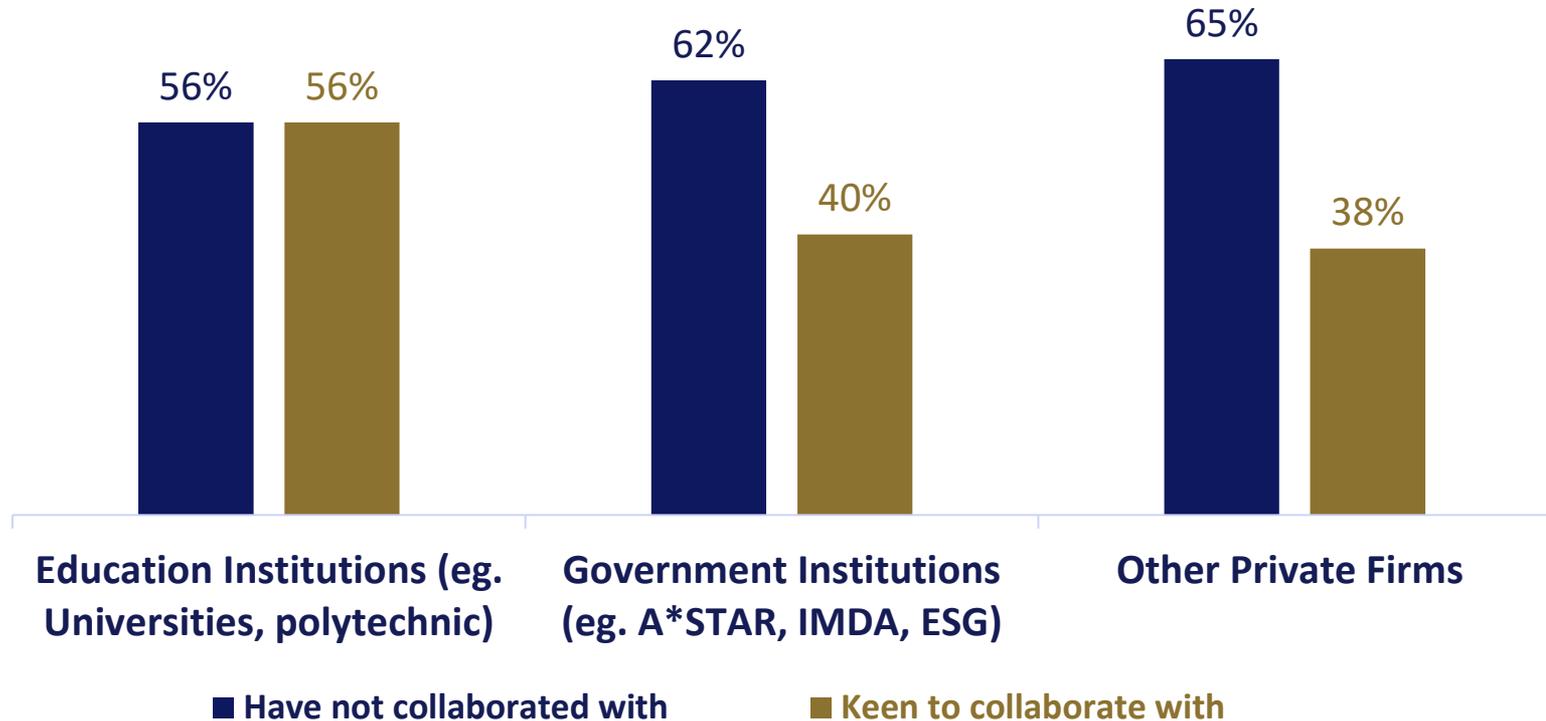
68% agreed that their firms would still proceed with innovation initiatives regardless of the availability of government financial schemes.

EXTERNAL CAPABILITY – PARTNERS FOR FUNDING NEEDS

Types of Financing Used to Fund Innovation



External Partners for Innovation



Partnership with Educational Institution

Eating the Guilt-free way with Foodtech



Source & photo credit: www.foodnavigator-asia.com

SMU Alumni Alan Phua, who set up Soyato had set up start-up Alchemy Foodtech to create proprietary ingredient blends that have lowered glycaemic index. New pilot partnerships with food manufacturers such as Lim Kee Pau, Tan Seng Kee (Kang Kang Noodles) and Hans Café and Cake House.

SMU have several departments, centres, institutes, and labs devoted to innovation – Postgraduate Programmes (Master of Science in Innovation), Executive Development (AI Innovation in Action), SMU Academy (Graduate Certificate in Innovation), Institute of Innovation & Entrepreneurship (Big Innovation Generator), SMU-X (experiential learning), etc.

Partnership with Government Institution

Commune - Revolutionizing Furniture Shopping



“We partnered with A*STAR to work with one of their start-ups on a VR solution that would give our customers more confidence in their purchase decisions and improve overall shopping experience for them. We are also working with IMDA and ESG in developing an omni-channel solution with an AR consumer app to further enhance our retail experience by allowing consumers to have a seamless shopping experience both online and in-store”.

Joshua Koh, CEO, Commune

Partnerships with other Private Firms

Aurum - Redefining Opportunities For The Future



“Aurum's strategy for innovation is to constantly scan the horizon for new market trends to identify opportunities which are synergistic with our existing businesses and core competencies, and aligned with our purpose to build supportive environments that create change, accelerate growth and advance communities. We believe in leveraging the more mature businesses to incubate, provide knowledge, expertise and resources to accelerate product innovation and optimisation of new businesses”.

Michelle Yong, CEO, Found8, Founder, Core Collective, and Director, Aurum Land and Aurum Investments

BFI@SMU KNOWLEDGE SERIES

Wealth of Wisdom – The Top 50 Questions Wealthy Families Ask
(Knowledge Partner: DBS Private Bank, Mar 2019)



Smart Investing in an Age of Disruption – Where Do You Put Your Money?
(Knowledge Partner: Aberdeen Standard Investments, Nov 2018)



Maximizing Potential and Creating Value - The Role of Private Equity Today
(Knowledge Partner: Partners Group, Oct 2018)



Towards a Common Future – Building Sustainable Businesses
(Knowledge Partner: Sandaire, Oct 2017)



Alternative Investments of Today – How Are They Performing?
(Knowledge Partner: UltraVault, Aug 2017)



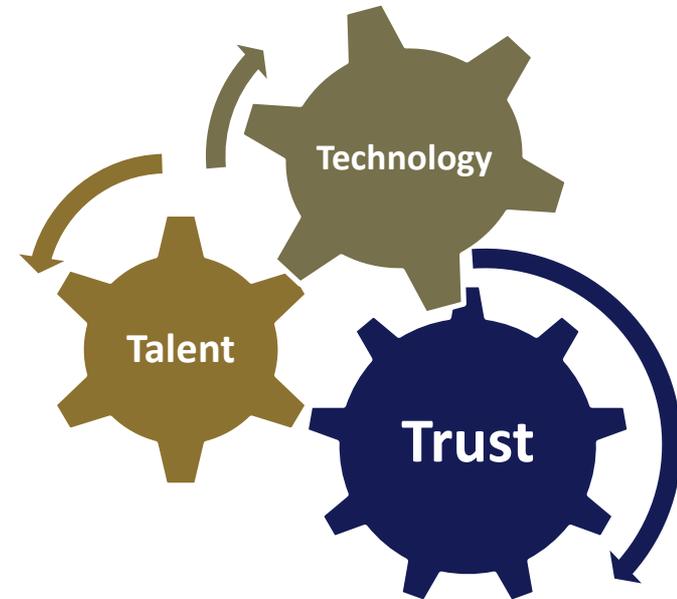
Family Governance – The Key to Building Sustainability in Business Families
(Knowledge Partners: Deloitte Private and Sandaire, Jul 2017)



Diversification – Balancing Business and Investment Pursuits
(Knowledge Partner: J.P. Morgan, Aug 2016)

The 3rd C – COLLABORATION

- Entrepreneurs need the right strategic partnerships for their expansion plans. No entrepreneur has it all in terms of resources and capabilities especially when venturing overseas.
- However, finding the right strategic partners is a challenge as it takes time to build *trust* and *understand* your potential partners both at personal and business levels before the right partnership can be established.
- But those partnerships once forged, can help address some of the technology and talent needs of the enterprises.



Collaboration – Cross-Border Joint Ventures

PBA Group - Enabling Companies to Scale Up through Robotics and Automation Solutions

“As a Tech 4.0 enabler, PBA’s partnership with Frasers Property Thailand (FPT) was forged on the promise of offering robotics and automation solutions in Thailand, developing local capabilities to serve the growing demand for automation systems. We seek to bring together robotics and automation know-how and innovation to offer added value to Fraser’s customers. With Fraser’s foothold in the Thai real estate market and their extensive knowledge of this potentially high-growth market for the next decade, PBA is excited to be a strategic partner”.

Mr Derrick Yap, CEO, PBA Group



Collaboration – Finding Like Minded Partners

VertiVegies – Indoor Vertical Farming for Singapore’s Food Landscape

“Indoor Vertical Farming will positively impact Singapore’s food landscape by fulfilling the 4 pillars of food security, namely, Nourishment, Waste Reduction, Resilience to Climate Change and Local Production. The improvements in technology are rapid and companies must innovate and stay ahead of the curve. We are fortunate to have found a strategic partner that shares our values, and together we are looking forward to providing radical solutions to very specific and continuing problems that Singapore faces”.

Mr Ankesh Shahra, Director - VertiVegies



BFI@SMU LEARNING JOURNEY

Learning Journey to
the Gulf (Apr 2019)



Learning Journey to
Thailand (Mar 2019)



Learning Journey to
Switzerland (Nov
2017)



Learning Journey to
Malaysia (Apr 2017)



Learning Journey to
Myanmar (Nov 2016)



Learning Journey to
USA (Nov 2015)



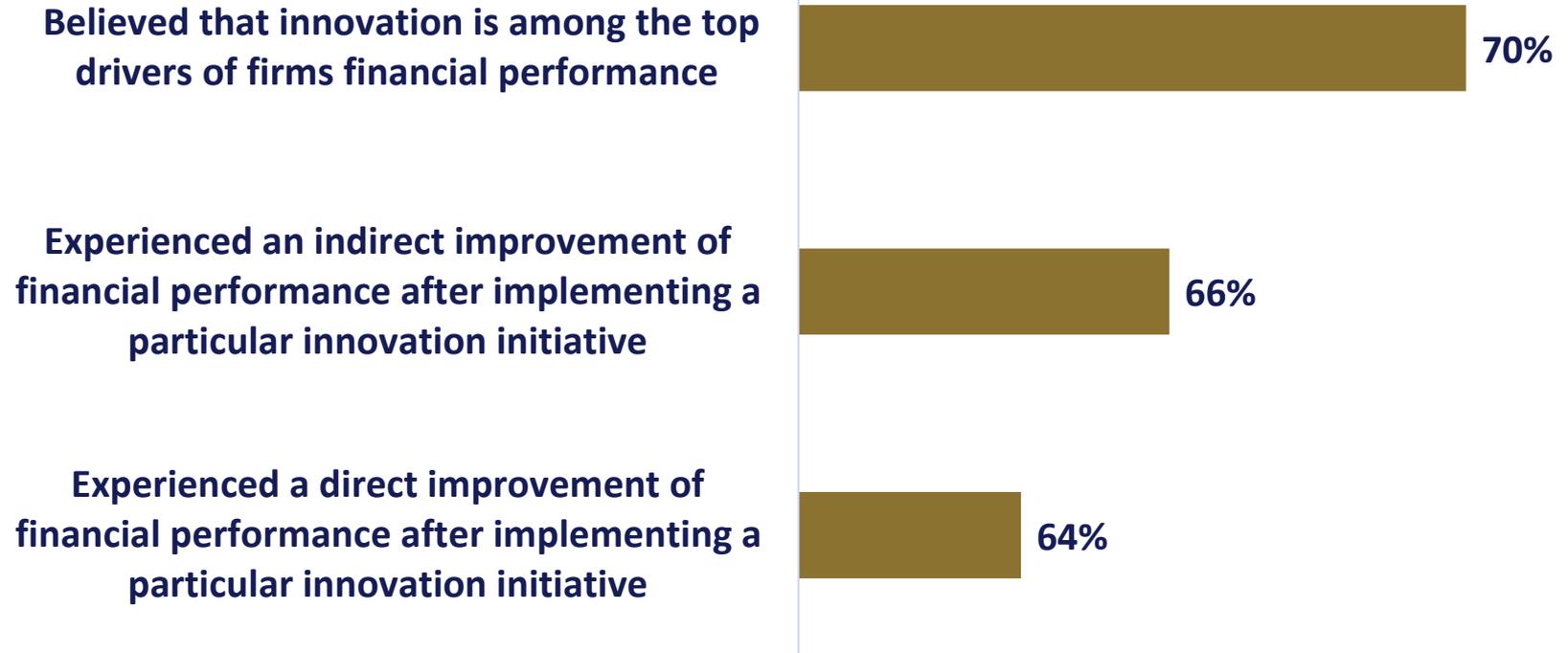
Learning Journey to
China (Nov 2015)



Learning Journey to
Japan (Nov 2014)

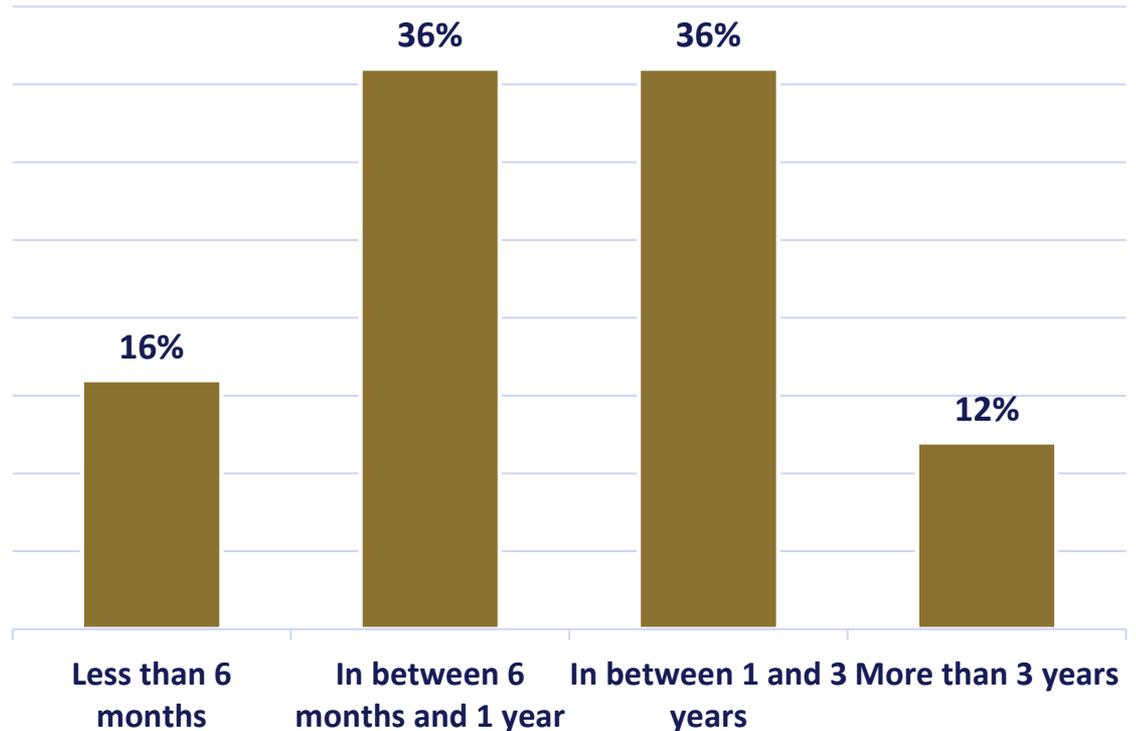


Impact of Innovation on Financial Performance



Lead Time to observing Impact of Innovation on Performance

- A longitudinal study is needed as the impact of innovation on family firms' performance needs time to determine.



Conclusion

- Innovation cannot happen in isolation. Where there is no innovation, there is no sustainable entrepreneurship.
- It is everybody's business which calls for an ecosystem approach:
 - With **Commitment** from business families
 - Through **Capability** building tapping on government, startups, educational and innovation labs
 - And **Collaborating** with MNCs and other family firms