



## THE MANAGEMENT CONSULTANT

September 2009

MICA (P) 118/04/2009

### Highlights for this Edition

**Cover Story** - IMC Consulting Group is going all out to bring benefits to members!

- Launch of the Business Resource Network (BRN)
- IMC Members Evening in August
- Member Article of the Month - Franchising: Singapore's Experience by Albert Kong
- Upcoming Events
- See the Last Page on how you can win a Waterman pen!!

## Have you been to IMC's office lately?



Most members are probably aware that IMC's office has shifted to 44 Horne Road with effect from January 2008. However, how many members have actually been to the office? Here are some reasons for you to visit the office:

- Visit the our library where we have stocked up hundreds of books and publications on various management consultancy topics including marketing, corporate management, leadership etc.
- Attend the monthly IMC Council meeting as an Observer and contribute your ideas on how to make the management consultancy industry and IMC more vibrant.
- Have a cuppa and let the Secretariat know how we can improve on our services to members. Coffee and snacks on us!



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### **IMC Consulting Group is going all out to bring benefits to members!**

Under the leadership of Chairman Mr Goh Kim Seng and Executive Director Mr Philip Kee, IMC Consulting Group (ICG) has introduced many initiatives as benefits to IMC members.



Executive Director of IMC Consulting Group, Mr Philip Kee, signed the MOU with Mr Chan Kah Guan, Director of Temasek Polytechnic's Professional Development Centre.

#### **• MOU with Temasek Polytechnic to provide training courses**

Under the MOU, ICG is the provider of training courses and trainers to Temasek Polytechnic's Professional Development Centre (PDC). IMC Members are invited to submit professional courses that the PDC can provide to the public.

#### **• Marketing of ICG programmes**

ICG has revamped our flagship Graduate Certificate for Management Consultancy (GCMC) and Graduate Diploma for Management Consultancy (GDMC) programmes. The programmes are tailored to be highly relevant to aspiring consultants as well as senior management of companies. To increase the pool of participants of the courses, ICG is offering a 15% commission to all IMC members who successfully bring in participants for the programmes. Already some members have benefitted from this initiative.

#### **• Development of SME Consulting Scheme**

ICG is seeking members to develop the SME Consulting Scheme that are tailored to SMEs. Members of the Development Team can benefit by becoming consultants for SMEs that make use of the Scheme.

ICG is in talks with more partner organisations to see how mutually beneficial arrangements can be worked out. Stay tuned for more initiatives from ICG!



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### Featuring “Member of the Month”

#### Mr Hao Kui

Hao Kui has nearly 10 years’ management consulting experience to top IT and Communication vendors in the world and their channel partners in Asia Pacific. He attains deep understanding of indirect sales and dynamics of channel business models. He specializes in establishing Go-To-market Strategy, Channel Growth and Profitability study, and business acumen and product marketing training.



### Launch of Business Resource Network (BRN)

IMC has created a platform called the Business Resource Network (BRN). BRN organises bi-monthly breakfast meetings where top management of SMEs are invited to a talk on a specific topic and after that, a discussion will be held regarding that topic where participants share on their experiences and possible areas for collaboration.

The first BRN meeting was held on 15<sup>th</sup> July 2009 at the Pines. **The meeting attracted 40 participants** and a lively discussion was held on the topic of “How to Create Revenue Streams”. IMC decided on the topic as companies in general have negotiated the economic downturn with cost-cutting measures. As cost-cutting measures are not sustainable, companies have to look for ways to generate revenue growth. As a testimony to the usefulness of the BRN platform, 15 participants from the first meeting organised a follow-up meeting to discuss specifically how they can work together in areas of mutual benefit.



Admission to IMCS’ BRN meetings is strictly for top management of companies, and IMC members only. BRN meetings are held on a bi-monthly basis with in-between follow-up meetings as and when appropriate. Interested members can contact the IMC Secretariat to register.



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### IMC Members Evening – 20 August 2009

Following a round of warm greetings and firm handshakes exchanged between familiar faces and new acquaintances alike, IMC President Dr Teo Cheng Swee welcomed the 40-strong crowd to the IMC Members' Evening held at SPRING Singapore.

The evening began with a talk entitled "The Business of Story" by persuasion expert Mr David Goldwich where members got to appreciate how the power of stories could be harnessed to communicate visions, win buy-in for ideas, transmit values, build trust and rapport, and inspire people, all with maximum impact and minimum resistance. Very often, we are faced with awkward situations such as a displeased client or a suspicious audience. Mr David Goldwich showed us how stories can help to turn the situation around into a favourable one, benefitting you as well as your organisation.

The enlightening talk was followed by a presentation by IMC Vice President Mr Philip Kee on the development of an SME Consulting Scheme by IMC Consulting Group, which aims to develop itself as a leading consultancy service provider to SMEs. Mr Philip Kee extended a call to all IMC members to join the development team at IMC Consulting Group.

Finally, the evening ended with the presentation of MIMC certificates to new members. These members were certified as Practising Management Consultants (PMCs) and entitled to a one-year complimentary IMC membership. The inclusion of PMCs as IMC members has boosted IMC's membership base and our efforts to become the representative body for management consultants in Singapore.





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### Happenings @ ICMCI



### ICMCI Congress, London 2009

The ICMCI Congress will be held on 9-12 September 2009 in London. IMC Singapore will be represented by Mr Goh Kim Seng, Mr Lim Poh Khai and Mr Liew Shin Liat.

The highlights of the Congress is expected to be:

- Introduction of the newly elected ICMCI Excom.
- Briefing on the accomplishments of the past year, with a focus on what has been learned, and proposed implications for the future.
- Discussion of alternative futures for ICMCI, in terms of mission, focus, value delivery and resourcing. Discuss other members' proposals for significant change.
- Learn about new experiences, best practices and results achieved by other Institutes.

In our next Issue, we will catch up with members that have made the trip to London to gather first-hand information on the Congress. Stay tuned! For more information on the Congress, please visit [www.icmci.org](http://www.icmci.org).

### Congratulations to Mr Liew Shin Liat on being elected as Vice Chairman of ICMCI ExCom!

Our heartiest congratulations to IMC Council member Mr Liew Shin Liat for being elected as Vice Chairman of ICMCI ExCom!



Shin Liat's election is a recognition of his tireless and selfless efforts in promoting the interests of the management consultancy profession globally, especially in the Asia Pacific region. We wish Shin Liat all the best in his term!



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### Members' Article Section

#### Franchising: Singapore's Experience

by Albert Kong, CFE, CMC, PMC

Chairman / CEO

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#### The Beginning

Singapore is probably one of the earliest nations in Asia (next to Japan) to embrace franchising. It all began in the 1970s when major Western multi-national companies such as Shell, Esso, Singer and Bata operated here under licensing systems which bore characteristics similar to what we know today as franchising concepts. Then a decade later, in the 1980s, cash-rich Singapore-based companies began acquiring country rights of international franchises such as McDonald's, ServiceMaster, and so on. Later, almost at the end of the 80s, several local companies began to launch their own local franchise programs. The main players were retail (mini-markets) and provision stores names such as Econ Mini-mart and Happy Family. Others that subsequently, in the early nineties, jumped onto the band wagon include Factory Outlet, Prima Deli and Informatics. Also at about the same time, new master franchisee operators of brands like Hard Rock Café , Hardee's (burger) ,Wendy's, Baskin Robin's also opened up outlets in the bustling Orchard Road vicinity to fight for a piece of the pie. (A few of the above brands have since exited Singapore.)

#### Impetus

Other than the media's strong coverage on franchise-related matters, it is commonly believed that Singaporean's frequent overseas travels have also engendered an increased awareness of franchising among the public at large. And more importantly, the knowledge that it is a key to the growth of small and medium sized enterprises, also helped to fuel the interest in franchising.

Another well-established fact is the role played by the Singapore Government. For instance, in the Retail Sector Development Plan (March 1992), the setting up of the Franchise Development Centre was mooted. This Centre was successfully set up and run by the then National Productivity Board (now named SPRING). It has served its purpose and is now defunct.



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The Economic Grouping Centre (EGC), a division within SPRING, then came into being with the aim of encouraging and assisting local businesses to pool their resources and form economic groupings. With these economic groupings, local small and medium-sized companies would be able to tap on professional expertise and attain better economies of scale.

Recognizing the benefits and potential of franchising, and having as one of its objectives to develop Singapore into an international franchise hub, another key Government statutory board called Trade Development Board (now named International Enterprise, Singapore) undertook a number of initiatives to promote the growth of franchising.

TDB (now renamed as International Enterprise, Singapore) views franchising as an avenue for Singapore companies to expand overseas. TDB then generously offered the Franchise Development Assistance Scheme (FRANDAS) to encourage leading local businesses to apply franchising principles for overseas expansion. With FRANDAS, successful local companies with a strong track record and firm foundation for franchising would receive assistance to develop their franchise systems and promote their franchises overseas. (FRANDAS has since been replaced by other as-effective schemes).

There are a number of factors contributing to the popularity of franchising in Singapore.

(1) Located strategically, and equipped with probably the best infrastructure (state-of-the-art telecommunications and shipping facilities, logistics, financial, medical, etc) in the region, Singapore has been very successful in attracting many multinational companies to set up regional headquarters here, with most of the latter intending to expand into the neighboring markets... The political stability which Singapore has achieved is also a great assurance to the private sector that their investments in Singapore will be secured. Logically, it will also be perceived as the best place to show-case any new franchising concepts –be it retail, healthcare, F&B, education and what not.

(2) For many successive years, Singapore's per capita income is among the highest in the region. The rising disposable income has made Singapore an attractive market for many international companies.

(3) Rising income has resulted in Singaporeans hankering for higher quality and more sophisticated goods and services. Overseas and local businessmen have rushed in with offers like Mango (ladies' fashion—Spain), Carl's Jr. (higher-end burgers—USA), Uniqlo (from Japan), Gyu-kaku (wagyu beef—Japan) and BBQ ( chicken fast food from Korea)...



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(4) The last 12 and more years are considered the golden era in the Asia-Pacific region. China and India have registered the highest growth rates in recent years. With this kind of phenomenal growth, these societies have enjoyed greater income and become more affluent. The prospect of selling to the enormous consumer bases in the Asia-Pacific region is pulling many companies into the region. And as indicated in (1), these companies saw that it was most advantageous to locate their regional base/hq in Singapore. And the Singapore government has been rather successful in its aim to create an ideal platform for potential franchise owners who seek security for their investments. Its proactive support—e.g. eligible companies can tap on many assistance schemes ranging from franchise consulting, registration of trade marks, market surveys, to even overseas exhibition participation have paid off in that many local and Singapore-based franchises have expanded successfully overseas.

### Reasons for Franchising

In a survey carried out by the then Trade Development Board more than a decade ago, local franchise companies were asked to elect among the following 4 possibilities as key reasons for their franchising program:

- Lower capital requirement
- Lower political risk
- Government assistance
- Greater commitment of franchisees

The findings indicated that lower capital requirement and greater commitment of franchisees were the two most cited reasons by companies for embarking on their franchising programs.



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Then in 1997, FLA conducted its own survey, and some of the results were:

- Almost 80% of franchisees experienced an improvement in sales since joining
- 70% reported an improvement in profit
- 33% reaped more than S\$500,000 profit
- About 40% of respondents indicated sales turnover of S\$10m minimum, including 15% with sales >S\$40m
- Most are in the food and retail sectors
- Key Success Factors
- Strong track record
- Sound financial background
- Committed management team
- Proactive support from government
- Key Reasons for Failure:
- Lack of:
- Conviction/commitment coupled with concrete business plan
- Adequate due diligence
- Sufficiently trained executives
- Strong USPs

### Current State of Affairs

As at the time of writing, the franchising sector has in excess of 500 franchise systems, with more than 30,000 franchisees operating with an annual turnover of 5.48 billion Singapore dollars.

Although a large number of franchised brands are still related to the food and beverages industry, other sectors such as education, beauty/wellness and childcare are fast catching up.

A list of the local companies with franchise operations can be found in the inaugural edition of *Asia Pacific Franchise Directory (2006)* published by Asiawide Trends/Asiawide Franchise Consultants in association with the Franchising & Licensing Association, Singapore (FLA). This Directory has the support of the Asia Pacific Franchise Confederation, the World Franchise Council and the European Franchise Federation. The next edition is planned to be produced in late 2010.



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Unlike the likes of the USA, China, Australia and many member nations of the EU, there is no franchise-specific legislation in Singapore. Members of the national Franchising & Licensing Association (FLA) abide by a code of conduct and the body thinks that the self-regulatory system is still effective as far as preventing the public from unscrupulous franchisers is concerned.

The major franchising event is called Franchising & Licensing Asia (FLAsia), details of which can be found in the association's website [www.flasingapore.com](http://www.flasingapore.com)

Even though Singapore is a small nation, its national franchise association FLA is considered a very active member of the Asia Pacific Franchise Confederation and the World Franchise Council.

### **About the author**

Albert Kong is a Council Member at the Institute of Management Consultants, Singapore. [www.imcsingapore.com](http://www.imcsingapore.com). He is an Executive Committee Member at the Franchising & Licensing Association, Singapore for more than 13 years. [www.flasingapore.org](http://www.flasingapore.org). Albert also serves as Honorary Secretary at the Industrial & Services Co-operative Society, a cooperative to assist ex-offenders reintegrate into society at large. [www.isos.org.sg](http://www.isos.org.sg). He sits at the Advisory Committee of Woodgrove Secondary School, and is a member of several clubs including the Singapore Press Club, Singapore Swimming Club, etc. Albert is one of the first Certified Franchise Executives in Asia. With 30 strategic partners in over 25 countries, he manages a group of senior consultants in Singapore who have served more than 400 clients from many industries located all over Asia. [www.asiawidefranchise.com](http://www.asiawidefranchise.com). He was given an award in 2008 by the China Chain Store & Franchise Association for contributing to the growth of franchising in China for 10 years or more. Albert has spoken in 31 countries and has been interviewed by over 50 local and international media. He can be reached via [albert@asiawidefranchise.com](mailto:albert@asiawidefranchise.com)



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### Upcoming Events (September to December 2009)

Date / Time	Event	Location
9-12 Sep 09	ICMCI Congress	London
17 Sep 09 5.30pm	IMC Council Meeting (All IMC Members are welcome to attend as observers)	IMC Office at 44 Horne Road Singapore 209067
24 Sep 09 8.00am – 10.30am	Business Resource Network (BRN) Meeting	The Pines (former Pinetree Club) 30 Steven Road, Singapore 257780
15 Oct 09 5.30pm	IMC Council Meeting (All IMC Members are welcome to attend as observers)	IMC Office at 44 Horne Road Singapore 209067
19 Nov 09 5.30pm	IMC Council Meeting (All IMC Members are welcome to attend as observers)	IMC Office at 44 Horne Road Singapore 209067
17 Dec 09 5.30pm	IMC Council Meeting (All IMC Members are welcome to attend as observers)	IMC Office at 44 Horne Road Singapore 209067

### Feedback needed....and a Waterman pen beckons!

The Editorial Team would like to seek feedback from members on ways to improve on this newsletter. Articles from members are also welcome. Members with the best feedback or articles will be awarded a Waterman pen. Please email to [Secretariat@imcsingapore.com](mailto:Secretariat@imcsingapore.com)



Note: The actual pen awarded may vary from the picture shown here.

### The Management Consultant - Editorial Team

Christopher Low (Chairman), Albert Kong, Goh Kim Seng and Wayne Soo