ASIAN MANAGEMENT INSIGHTS

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Learning and Recovering from Covid-19's Impact
An interview with Jaime Augusto Zobel de Ayala

Working with Smart Machines
Insights on the future of work

Brand Singapore
How businesses can align with their country's branding

NOT JUST SURVIVE, BUT THRIVE
Capitalising on the silver linings of the pandemic

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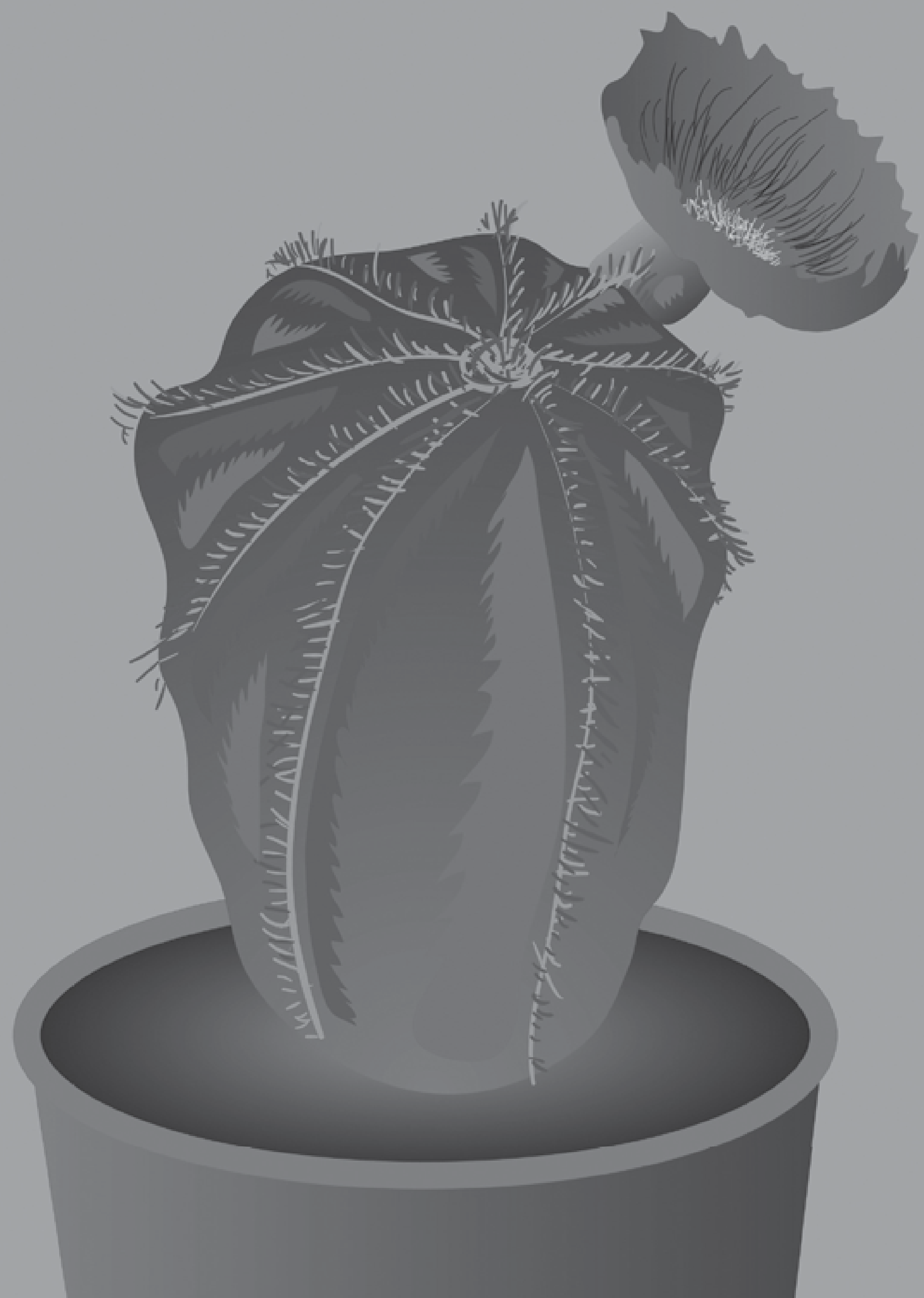

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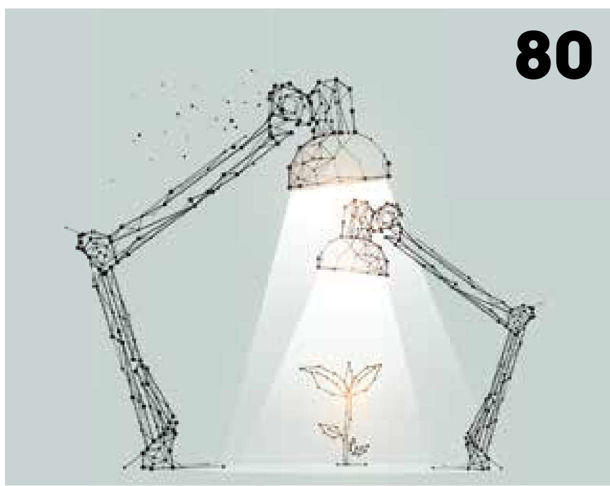

ASIAN MANAGEMENT INSIGHTS

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FROM THE EDITOR

Technology and sustainability: The new business playing field
Two topics that have consistently cropped up in conversations among business leaders during the pandemic are technology, in the context of the pervasiveness and quickening pace of digital transformation, and sustainability, especially how we should be doing business without harming the environment and society. The collective belief is that both topics will continue to rise on the world's agenda, reshaping entire industries while creating new ones. They have changed the way of doing business. So what does the new playbook look like?

With rising consumer expectations for digitalisation, businesses are under tremendous pressure to stay competitive and create connected experiences, says Gerard George and Koh Foo Hau. While Industry 4.0 removed barriers to digital tools and changed consumer behaviour, this is taking place against the backdrop of techno-nationalism. Consequently, there have been challenges in data handling with privacy concerns in the wake of cybercriminals taking advantage of Covid-19 to hack organisations and monetise stolen identities.

Recent announcements by companies and research and development organisations are filled with news about Artificial Intelligence (AI) systems. They seem to be ubiquitous across the world of work, in every industry setting and job role. Tom Davenport and Steve Miller look at how these systems have been integrated into a blend of existing and new work processes, and discuss their implications for the changing nature of work amidst the rise of AI-based smart machines.

Jaime Augusto Zobel de Ayala, Chairman of Ayala Corporation, talks to Tan Chin Tiong about balancing social impact and business outcomes during these unprecedented times. His primary concern remains the well-being of his employees. Doing business became more personal as he met with his executive team daily and addressed his employees every week. He also highlights how investments in digitalisation and healthcare are showing tremendous promise.

Corporate innovation has become increasingly challenging due to pressing concerns around heightened uncertainty and creeping complexity. Thomas Menkhoff and Ong Geok Chwee share lessons learnt from Qian Hu Fish Farm, a Singapore-based family business, about innovation governance in Asia, and how its approach was both explorative and exploitative.

Given the mounting evidence and a growing pool of ethically-conscious customers acting as checks and balances for the market, Rajeev Peshawaria and Yancy Toh believe that companies adopting the stewardship approach will not only do well, but also do good and do right. They say this will create the much-needed win-win-win scenario where individuals, organisations, and humanity can thrive together in the long run.

Brands become 'Ueber' when they create meaning beyond their purely material and logical aspects. To become an ueber brand, JP Kuehlwein and Wolf Schaefer aver that companies need to lead their categories and fans into the future, based on clear convictions and ideals. Brands today, they say, are first and foremost change agents. They must give people genuine hope for a slightly brighter, better tomorrow.

To help cope with the stresses of the pandemic, check out the meditation toolkit for managers provided by Theodore C. Masters-Waage, Eva K. Peters and Jochen Reb. Their article also highlights what the toolkit is *not* meant to be used for.

Meanwhile, Koh Buck Song discusses Brand Singapore and how businesses can align with country branding in a Covid-19-plagued world. He says Singapore is powering forward with its Green Plan 2030 to turn this 'little red dot' into a 'bright green spark' as part of its national sustainability agenda, thus positioning itself at the leading edge of the world's sustainable and liveable cities.

Since the World Health Organization declared Covid-19 a pandemic in March 2020, school closures across the Asia-Pacific region have affected some 325 million children. With the advent of virtual classrooms and remote learning, Alvin Lee tells us how formal school education is being revamped for the Fourth Industrial Revolution.

Trying to replicate the success of your company abroad? Gordon Perchthold advises that translating a single Home Country success into the foreign, multi-country context is a fundamental consideration when firms internationalise. He provides a topology of distance framework and takes us through four critical steps to build internationalisation capabilities.

Steve Johanns, founder and former Chairman of Veriown Global, shares his entrepreneurial journey of taking smart villages into Sub-Saharan Africa through his company, Villedge Solutions. He elaborates on how the concept of the 'invisible' village woman came to him and became the motivation for his enterprise.

The time is ripe to think hard and act quickly to make a dent on the wall of fumes that humans have created, says Manu Srivastava. He recounts the successful attempts that have brought down the cost of renewable energy, specifically solar power, in India.

This issue's Case in Point by Patricia Lui and Lipika Bhattacharya is about how an influencer marketing company helped a herbal tea brand recover its mojo through social media. The case highlights the importance of building the right business model and the strengths of an AI-powered platform that could help clients choose the right influencers, social media platforms, and messaging to reach and nudge their intended target audience towards action.

As the articles in this issue show, we live in a highly complex and dynamic world where the challenges of managing technology and maintaining sustainability intertwine in ways we continue to learn about. So what about the new playbook? Well, it is still being written.

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BALANCING SOCIAL IMPACT AND BUSINESS OUTCOMES IN TURBULENT TIMES

Jaime Augusto Zobel de Ayala, Chairman of Ayala Corporation, talks about learning and recovering from Covid-19's impact with Tan Chin Tiong.

The Ayala Corporation has been in existence for more than 185 years, so the Group must have witnessed several crises. Now that we are well into the second year of the Covid-19 pandemic, what have you done to make sure that it successfully weathers this protracted crisis?

I do not think we have ever found ourselves in such a situation, where some of our business units had a period of steep drops in revenue–in some cases, down to zero. It was and still is a really unusual set of circumstances.

The first thing we did when we realised the potential repercussions of Covid-19 was to get together as a group of managers and brainstorm the key issues we would face. Upfront was the insecurity that our employees would feel. So within a day or two of the announcement that the country was going into a lockdown, we sent a note to all employees of the Ayala Group saying that our priority as a Group was to protect the health and welfare of all employees and their families. We gave them a significant package of financial help and assured them that their jobs would still be here, assuming this would not go on for an extended period. Aside from that, we also constructed our own Covid-19 testing, quarantine, and treatment facilities to give our employees the peace of mind that they would receive quality care, even as public and private healthcare facilities filled to capacity.

Then we looked at our business ecosystem. We are a mixed business group and have a number of investments across various industries. We realised that while this pandemic has deeply affected everyone, some segments would need more help than others to survive the crisis. In particular, we interact with more than 250,000 Micro, Small and Medium Enterprises (MSMEs) that are either our clients or partners. Within the first couple of days of lockdown, we offered them rental concessions including condonations, deferral of their bill payments, and waivers of interest charges. Most significantly, we established the Ayala Enterprise Circle to support their business. These initiatives created a positive atmosphere and helped calm the situation.

However, we were concerned about the broader set of participants in the ecosystem, particularly the contractual workers who were caught flat-footed by the hard and long lockdown and were in a 'no-work, no-pay' situation. We knew that there was a lengthy process to go through before the government could reallocate its budget to support these workers. So we came together with about 270 business groups and pooled significant funds to create a voucher system that would enable these economically vulnerable people to receive food while the government was re-aligning its budget. We decided the best way to distribute these vouchers was through a private sector group called the Philippine Disaster Resilience Foundation, together with the Catholic Church which is very influential in the Philippines and knows these communities well. We helped 2.8 million families, or over 14 million individuals in those first weeks. We also worked on several other private-public partnerships, like converting a convention centre into a 500-bed facility and donating a number of biomolecular testing laboratories, testing kits, and personal protective equipment (PPE) to local government units and frontliners.

Has there been any change to your leadership style and strategy in the 'new normal'?

The way I managed the company became much more personal as a result of the pandemic. I was meeting my brother and all our key executives daily over Zoom; we had never met that often previously. We were also sharing ideas on how to get a better understanding of what was happening on the ground and what the new rules were, which changed by the day. Through this, we built a stronger sense of camaraderie. Given that all the employees were working from home, I addressed them once a week. Essentially, the whole level of communication changed.

I spent the first couple of days of the pandemic reflecting, "What if I were on the other side of the fence? What if I were an investor? A customer? What would I want to hear?" So I revamped everything that I was doing. My leadership conversations became far more intense. I told everyone to focus on bringing our employees back to work safely. We had no idea then about the safety protocol and the equipment that we would need. We were all learning as we went along.

I requested my institutional investor relations team to set up a call with investors who might want to talk to us. I expected 20 to 30 people to take part, but we got 150 instead! I told them that I could not predict what was going to happen, but would share what I was doing. I took them through our testing protocol, what we were doing with our employees, what we were seeing in the market, etc. I also mentioned that I would meet with them every month. I am usually a bit more behind the scenes, but I decided that now, I had to be on the frontline with our investors and employees. The feedback we got was very good. Those first couple of months were intense. At the same time, the new way of doing things fulfils the needs of today. The immediacy and the ability to talk to many people with ease has been phenomenal.

Most of all, I would say that the biggest change from my perspective is that from an early age, I have been used to planning long-term. Since I became CEO 26 years ago, everything has been planned three to four years ahead. With the pandemic, I decided that we had to break the planning cycle into three shorter phases. We went beyond using "agile" as a mere buzzword and adopted a planning process of two weeks, following strict government quarantines to prepare for resuming operations; followed by two months as we adapted and gradually built resilience; and finally, two quarters to lay the groundwork for transformation. So the biggest change for me was shifting to short-term planning.

We have just concluded our 2021 Group Management Committee Offsite, and are now looking to recover and propel our businesses to stronger growth within two to three years. Our Group is focused on survival in the short term and sustainability for the long term. We realised that there was no blueprint for such an unprecedented situation, so we responded based on the best available information at the time, coupled with common sense, ingenuity, and a commitment to inclusive recovery as a necessary foundation for sustainable growth for the Philippines and for our company.

As a proponent of building sustainability into business strategies, how have recent global events shaped your current perspective on responsible business models?

Even before the pandemic, we had aligned our operations and social impact initiatives to the broader principles of sustainability and shared value. It was intrinsic to our corporation's development. I have always been a strong believer in all these principles, and the pandemic has only deepened this conviction.

To signify our strong commitment to the United Nations Sustainable Development Goals (SDGs), we developed a Sustainability Blueprint with each of our subsidiaries adopting at least one of the 17 SDGs where they would make a

We realised that there was no blueprint for such an unprecedented situation, so we responded based on the best available information at the time.

tangible impact. We track our progress annually, and are presently taking these commitments a step further by setting firm environmental, social, and governance (ESG) targets.

We also realised that adapting to the challenges of the pandemic and natural calamities, and ultimately recovering from it, will require close cooperation among different sectors of society. The government plays a central role in strategy and policy but may be unable to move quickly. The private sector can bridge this gap by being the agile first mover. At present, the top priority that the public and private sectors are working on is the safe, scaled, and swift rollout of the country's Covid-19 vaccination programme. The challenge is quite massive and unprecedented—as a country, we need to complete up to 500,000 vaccinations per day if we are to achieve our target of herd immunity this year. We are helping the government plan and execute an end-to-end vaccination roadmap. This includes procuring large quantities of vaccines from reputable suppliers, managing the logistics from port to warehouse to vaccination site, and administering the doses and monitoring the results.

What are some of the key global trends that you are observing very closely? How do you see them informing your next steps?

I am a globalist, and a believer in working off each other's comparative advantages rather than isolating ourselves. I think countries have to learn to co-invest and build rapport with one another. The U.S.-China trade war today is not good for anyone, and I hope the two countries will find a commonality at some point. But out of this have come some opportunities. Supply chains have been severely disrupted, but those supply chains are reformatting and realigning. This will help Southeast Asia if its people are able to take advantage of those realignments.

At the end of the day, China and the U.S. working together economically would be to everybody's advantage. The election of U.S. President Joe Biden, who is known to be a strong believer in building strong alliances with like-minded peers, is most welcome. The U.S. has been the champion of globalisation and democracy for many decades, and it is reassuring that we may see the country once again take up a leadership role in spearheading the adoption of progressive values and frameworks for trade and governance. We may see much stronger ties between Asia Pacific and the United States. Beyond geopolitics, President Biden's pronouncements on prioritising globalisation and international cooperation on critical issues, such as climate change, free trade, and democracy, are overarching themes that we can expect to be reinvigorated in the next few years.

Consulting company McKinsey foresees a wave of innovation happening, led by a new generation of entrepreneurs. It has also noted that the Fourth Industrial Revolution, characterised by the near ubiquity of artificial intelligence, big data and analytics, would accelerate. We saw the disparity in impact on MSMEs due to the pandemic—some were devastated while others flourished. However, this wave of small businesses and entrepreneurs would require a slew of new ancillary services and human capital to help them survive and grow.

There will also be fundamental changes in the healthcare system at both the country and global level. Due to the unprecedented collaboration of scientists and the rapid development of vaccines and therapeutics, we may see further innovations in the biopharma space.

Another major trend we are watching closely is the intensifying dialogue regarding stakeholder capitalism on the one hand, and sustainability on the other, not just in terms of the environment, but also in its broadest sense. We have seen the pandemic expose and exacerbate massive economic and social inequities across the world, and humanity's destructive relationship with the environment appears to have been the cause of Covid-19. Recovery from the pandemic and its socioeconomic effects will require a reaffirmation of private and public institutions' commitment to the principles of stakeholder capitalism and sustainability.

Are there any new business areas that will pick up momentum due to the effects of Covid-19?

We saw some sectors blossom during the pandemic, especially those related to healthcare and the digital economy. I believe that several critical industries will accelerate due to the new behaviours enabled by consumers' hyperfocus on health, remote leisure and work, and sustainability in its broadest sense.

We have two financial institutions in our Group. One is the Bank of the Philippine Islands (BPI). And the other is GCash, where we are the pioneers of a mobile payment system, together with Ant Financial of China. Last year, in terms of digital financial services, BPI recorded as much as 90 percent of its transactions through online channels, on top of unprecedented user growth. At GCash, the total user base is already at 33 million, which means one in three Filipinos is a user. The value of transactions that passed through GCash crossed one trillion pesos (US$20.6 billion) last year, which was double that for the period of 2017 to 2019 combined. The pandemic essentially unlocked the tremendous potential of digital technologies. We saw unprecedented adoption of e-wallets, e-payments, e-commerce, telemedicine, and online learning. As such, we will need the connectivity infrastructure and digital solutions to sustain this massive shift online, while building strong cybersecurity measures.

Our e-commerce platform, Zalora, saw a significant uptick in essentials and groceries, sports, wellness, and loungewear, and items for children, as more people stayed at home. In just two quarters, these new categories already account for 10 percent of net merchandise value. To help the entrepreneurs using our e-commerce platform better understand rapid shifts in consumer preferences, Zalora launched a data solutions service and a Covid-19-specific sales dashboard to provide brands with insights on shifts in retail trends, current customer needs, and preferences, as well as customer behaviour pre- and post-pandemic.

When we started investing in healthcare more than five years ago, we saw that it was increasingly becoming an important sector in the country for several reasons. Households were beginning to spend more on health and wellness, the government was increasing its healthcare investments, and health outcomes were so poor that it had become a sector ripe for intervention and disruption. Today, Covid-19 has exponentially expanded the value of the healthcare sector. Despite the deep 9.5 percent economic contraction that the Philippines experienced last year, the healthcare sector expanded by 13.8 percent, due to increasing investments by local players and foreign partners. Our healthcare company also launched a telemedicine solution that provided an alternative medical consultation solution, alongside online purchasing of medicines and scheduling of onsite clinic appointments. We are now looking at utilising this platform for vaccination scheduling and monitoring.

How do you expect this pandemic to shape the future workplace? And what soft skills will be important to cope with these challenging times?

What is certain is that we cannot go back to how things were done, especially given the massive digital transformation that has taken place in our workplaces.

I believe there will be a stronger focus on hybrid work arrangements and evaluations based on outcomes, especially in applicable functions and industries. McKinsey estimates that as much as 20 percent of the global workforce can work remotely and be just as effective. Offices may now have to transition as spaces primarily for socialisation, collaboration, and culture-building, whereas remote working would be best suited for tasks that require deep focus and reflection.

We were one of the first companies to conduct virtual annual stockholder meetings during the early days of the lockdown. All our Group-wide summits were done online. We started with simple Zoom meetings, but eventually invested in studio equipment to ensure high-quality internal productions.

We have been delighted by the significant uptake of the online continuous learning opportunities that we made available to our employees. Aside from having guest speakers conduct specially organised webinars on special interest topics, we also leveraged our existing partnership with Degreed and Coursera to offer free courses to our employees so that, in part, they could keep learning new skills to equip themselves for the evolving jobs and careers in a digital-heavy future.

Taking a page from innovation literature, and adapting a framework by Scott Anthony of Innosight, who has advised our Group on navigating disruption many times, I believe there are five critical behaviours that are greatly important during challenging times. First is curiosity—having that thirst to deeply understand why things are the way they are and exploring possible solutions to these challenges. Second is being customer-obsessed—particularly in deeply empathising and understanding the most relevant pain points of stakeholders in a challenging period, and effectively addressing these pains. The third is enabling collaboration—getting like-minded peers, including traditional competitors and rivals, to work together on a common goal and for shared benefit. The fourth is the ability to manage chaos and ambiguity—especially now when there is such a high level of uncertainty about what is to come in the near future. And the last is the courage to try—the willingness of teams and individuals to conduct intelligent experiments, and pivot or bounce back when original assumptions do not hold.

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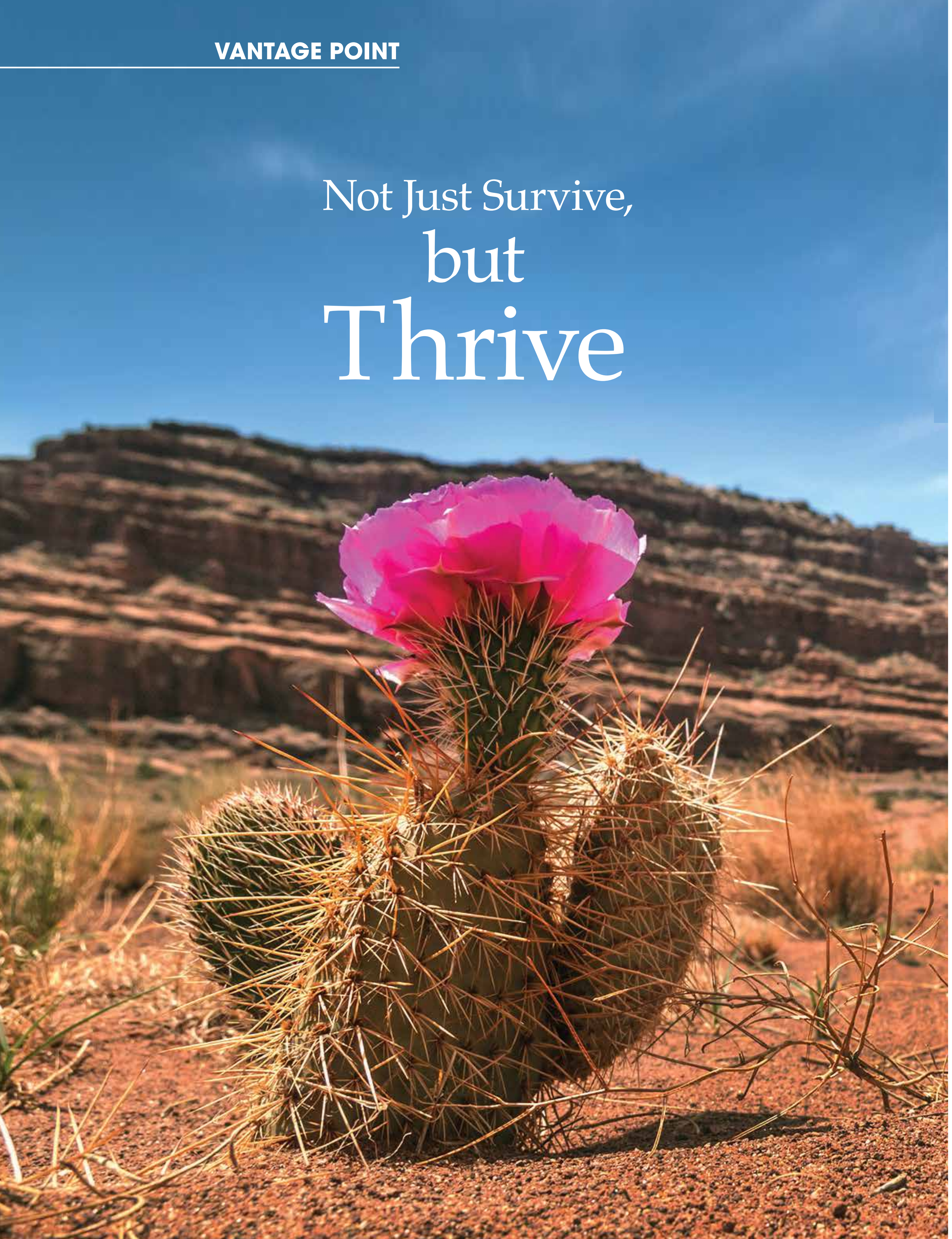
Not Just Survive, but Thrive



Capitalising on the silver linings of the pandemic.

By Gerard George and Koh Foo Hau

You may not realise it, but the boardroom Zoom call you took in your pyjama pants this morning was part of the new industrial revolution.

The Fourth Industrial Revolution (or Industry 4.0) began a decade before the Covid-19 pandemic. Digital transformation then was just a line item on the business agenda. In 2020, when social distancing and shelter in place became a way of life, the adoption of technologies accelerated rapidly, and the dramatic change that occurred in a matter of weeks unceremoniously thrust people the world over into a new way of doing business.

How has the landscape changed? Where are the new opportunities? What is the new playbook? How can organisations not only survive, but also thrive, in this emerging new normal after the Covid-19 pandemic? How is this going to change the way we do business?

What has changed?

The forced move to 'working from home' (WFH) that the pandemic has created is perhaps the most significant organisation design shock of our lifetime. While remote work was a feature of multinational firms and open source communities, the pandemic effectively imposed the current practice of 'all remote all the time', resulting in a scramble to adapt to remote collaboration and its technological infrastructure.[1] The data to assess its effectiveness is being gathered and analysed, and we can expect to see research into the particular combinations of tasks, people, and infrastructure that enable organisations to work in distributed forms.

The pandemic tested the agility and resilience of organisations, forcing a deeper look at the assumptions of theoretical frameworks that guided managerial decisions and practices. In the process, it exposed weaknesses in companies that lacked a strong digital infrastructure and left them unable to execute continuity plans in an emergency.

A McKinsey survey revealed that Industry 4.0 technologies played a decisive role in the pandemic response for many companies and the crisis is putting the future of digital operations under new pressure. The survey suggested three outcomes: a win for companies that had already scaled digital technologies, a reality check for those that were still scaling, and a wake-up call for those that had not started on their digital transformation journeys.[2]

From a firm-level perspective, Covid-19 is hastening a fundamental transformation of the digital infrastructure of business, especially in the adoption of cloud applications and other digital technologies to carry out core businesses. For example, contactless technologies, digital money, and cashless payment systems have become more pervasive. Across all sectors, digital transformation is progressing at a pace never seen before.

The 2020 annual Facebook Inc. and Bain & Company report predicted that Southeast Asia would have 310 million digital consumers by the end of the year, reaching a number previously forecast for 2025. Physical distancing measures imposed during the coronavirus pandemic accelerated the shift toward online spending. For example, DBS Bank saw a 30-40 percent lift in consumption of digital banking activity between June and September 2020, including a 400 percent increase in digital take-up by those over 60 years of age.[3] With rising consumer expectations for digitalisation, businesses are under pressure to stay competitive and create connected experiences.

> Physical distancing measures imposed during the coronavirus pandemic accelerated the shift toward online spending.

SHIFTS IN GEOPOLITICAL ENVIRONMENT

Industry 4.0 is taking place against the backdrop of techno-nationalism, which has become more pronounced since the pandemic. According to Alex Capri from Forbes, techno-nationalism represents the latest "mercantilist thinking that links technological innovation and capabilities directly to a country's national security, economic prosperity, and social stability".[4] As a result, the state needs to step in and protect its interests from both state and non-state actors. Techno-nationalism seeks to attain competitive advantage for its stakeholders locally and globally, and leverage these advantages for geopolitical gain.[5]

In 2006, China pushed for cyber sovereignty when it built the Great Firewall (GFW) and an ecosystem that excluded most IT applications that did not originate from China. The GFW morphed into a startlingly efficient technological surveillance model around the world.[6] A more recent example of a techno-nationalistic move is India banning 267 Chinese apps in 2020—including PUBG Mobile and TikTok (both of which identified the country as their biggest overseas market)—as the government expressed dissatisfaction with the response of the companies to its various queries related to data privacy and security.[7] In other countries, such as Australia and the U.S., China's Huawei Technologies faced several challenges, including bans to its 5G wireless network project, security scrutiny, and business contract restrictions.[8]

The Hinrich Foundation, a proponent for advancing sustainable global trade, reports that the U.S.-China hybrid cold war is affecting issues once believed to be free from geopolitics.[9] It highlights that there has been a steady increase in export controls on core technology, accompanied by restrictions on data access and usage. These restrictions will accelerate decoupling from Chinese supply chains, digital platforms, and knowledge networks. New controls that will impede the free movement and development of human capital are also emerging. The latest restrictions on human capital—especially those concerning collaborative, knowledge-intensive activities—will also change how universities and centres of innovation operate.[10]

SUPPLY CHAIN RESILIENCY

Disruption in supply chains happen all the time, in varying degrees. They are usually singular in nature and contained, lasting from minutes to a couple of weeks, after which recovery typically occurs. Covid-19, however, is different; it simultaneously disrupts both supply *and* demand, and is larger in magnitude and longer in duration.

Months-long supply chain planning, modelling, and forecasting initiatives became a moot point when Covid-19 spread like wildfire, and there were unprecedented shifts in consumer spending. The demand for essential household items such as flour, soap, and toilet paper went up as people moved indoors, and discretionary purchases such as clothes, shoes, and luxury goods went down.

At the same time, brick-and-mortar stores closed because of stay-at-home orders, so sales moved online. The rapid shift to e-commerce completely disrupted the supply chain. The Covid-19 outbreak has revealed the direct connection between operational efficiency and economic success, and put resiliency on every company's agenda.

According to McKinsey's research, companies report that one month or more of disruptions occurs every 3.7 years, resulting in losses worth almost 45 percent of one year's earnings before interest, taxes, depreciation and amortisation (EBITDA) over the course of a decade. The survey shows that in the wake of Covid-19, leading companies are building new levels of resiliency in three ways: by revisiting their supply base and global asset footprint, moving quickly to digitise their operations end to end, and transforming business models to achieve cross-functional agility in operations.[11]

The strain brought about by the pandemic has forced companies to rethink their strategies. Businesses are now looking to establish multiple sources across every aspect of their supply chain. Companies are also reviewing their outsourcing strategies. In some cases, they will outsource more to focus on their core competencies, and become nimbler and more competitive. In other cases, they will want to outsource less as they bring production back when third-party companies shutter or raise supply costs due to overtime and expedited freight costs. Social distancing has also provided a reason to shift towards automation to reduce dependency on humans.

> The Covid-19 outbreak has revealed the direct connection between operational efficiency and economic success, and put resiliency on every company's agenda.

> 2020 was a disruptive year for schools but a lucrative one for education technology (edtech), which just took off as a response to distance learning.

Reframing opportunities: Sectors to watch out for

HEALTHCARE

Covid-19 showed the world that telemedicine works and businesses could be built on the back of it. While the benefits and technology of digital healthcare have been available for some time, the pandemic helped remove the behavioural and economic barriers to widespread adoption of telemedicine.

Bain & Company research highlighted that the user base for Ping An Good Doctor, a Chinese healthcare services platform, grew 900 percent in January 2020, compared to December 2019 before the World Health Organization identified the virus.[12] Another Bain report noted that digital health platforms in Asia Pacific were highly active. At MyDoc, a Singapore-based telemedicine platform, the number of daily active users not only jumped 60 percent in February 2020, it more than doubled the next month.[13] The company even established a virtual Covid-19 clinic for training its doctors to support the health ministry's testing and isolation measures.

To contain the pandemic, governments in Asia Pacific also made digital health platforms publicly and promptly available. The Bain report gave several examples: Australia extended Medicare coverage to telemedicine, South Korea relaxed restrictions on telemedicine treatment of Covid-19 patients, and the Indonesian health ministry partnered ride hailing giant Gojek and telemedicine provider Halodoc to deliver quick Covid-19 diagnostics in remote areas.[14] In fact, many insurers in the region not only introduced telemedicine services to their standard policies, they also collaborated with telemedicine platforms to offer free consultation.[15] Researchers foresee patients using them even after the pandemic.

EDUCATION

It was a disruptive year for schools but a lucrative one for education technology (edtech), which just took off as a response to distance learning. Enrolment at Coursera, an online platform that offers massive open online classes (MOOCs), skyrocketed and was 640 percent higher from mid-March to mid-April 2020 than during the same period the previous year, growing from 1.6 million to 10.3 million.[16]

Southeast Asia, home to 700 million people of which 26 percent of the population falls under the school-going age group, adapted and utilised edtech to conduct virtual classes for students. Educational institutions employed tools such as mobile applications, websites, streaming videos, and online tutorials to help students continue studying no matter their circumstance or location.

Today, many edtech start-ups in Southeast Asia, such as Taamkru (Thailand), Ruangguru (Indonesia), and Classruum (Malaysia), are hoping to bridge the educational gap and improve the quality of education. Topica, a Hanoi-based edtech start-up, aims to increase the talent pool by equipping young adults with the skills they need to thrive in a fast-paced working environment in the digital age.[17]

FINANCE

Fintech innovations helped lower the cost of service provision, enabling a wider reach and diminishing the need for face-to-face interactions. Not surprising, the fintech market experienced strong growth in all digital financial services, except lending. In fact, access to financial services during the pandemic, especially in emerging markets, was considerably enhanced.

Even as digital lending slumped eight percent by volume of transactions, while also suffering a nine-percent jump in outstanding loan defaults, firms in areas such as digital asset exchanges, payments, savings, and wealth management reported growth in transaction numbers and volumes of 13 percent and 11 percent respectively.[18]

Fears of banknotes in circulation potentially spreading the Covid-19 virus encouraged contactless e-payment instead of cash. The pandemic has also spurred e-commerce spending across Asia Pacific, and such changes in consumer habits are expected to persist. Regional tech giants like Grab and Gojek and digital businesses have further contributed to the remarkable growth of e-payment services.

Industry players have prepared themselves to meet increasing consumer and merchant demand for contactless payment solutions such as point-of-sale products. For example, industry-led initiatives to standardise quick response (QR) codes have already happened in Malaysia and Singapore. [19] Such innovations help merchants by simplifying their operations and reducing costs.

GAMING

The video game industry powered through at breakneck speed as people turned to console and mobile titles for stress relief, relaxation, and social connection. The huge propensity for people of all ages and demographics to take up gaming as 'stay-at-home' orders went out in 2020 resulted in US$160 billion in revenue worldwide. Most notably, older players–those aged between 55 and 64–are gaming 48 percent more than they were a year ago.[20]

This surge in at-home gaming has been noted among both males and females. In April 2020, Niko Partners conducted a survey in China–the biggest gaming market in Asia–to analyse the impact of Covid-19 on gaming behaviour.[21] In the survey, 95 percent of females said they spent more hours gaming during the pandemic compared to before the outbreak.

As offline sports events were cancelled to protect the health and safety of players and fans, the industry quickly shifted to a 100-percent online format that is safer and cheaper to run.

A new model for entrepreneurs

EMERGENCE OF BIG TECH PLAYERS IN SOUTHEAST ASIA

The decade got off to a bumpy start because of Covid-19. However, Southeast Asia continues to be on track for economic growth and technological innovation. It saw the rise of 11 unicorns in the last decade, and more are expected to emerge in the coming years. Over US$7.7 billion was invested in Southeast Asian start-ups in 2019 alone, highlighting the fact that investors are taking note of how promising the region is.

As Southeast Asians earn more and gain exponentially higher discretionary income, it creates an opportunity for businesses to scale. The region is also ripe for disruption with emerging markets like Indonesia and Vietnam, where new businesses can develop solutions to existing problems. Consumers in the region are mobile-first, if not mobile-only, opening new avenues for the growth of a digital economy.

Big tech players like Razer, the leading global brand for gamers, beat expectations with record high revenue of US$447.5 million in the first half of 2020.[22] The global 'stay-at-home' situation boosted user engagement with gaming and e-sports to record levels. CEO and co-founder Min-Liang Tan attributed the 25.3 percent year-on-year growth to its entrenched brand leadership, compelling offerings across hardware, software, and services, and strong execution. Razer's strong cash position of over US$500 million puts the company in good stead to ride out the challenging global economic situation.

Sea Limited, a consumer Internet company with an integrated platform consisting of digital entertainment, e-commerce, and digital financial services, operates three businesses: Garena, Shopee, and SeaMoney. In the first nine months of 2020, Sea's revenue rose 101 percent year-over -year to US$2.81 billion. Its digital entertainment revenue grew 81 percent to US$1.32 billion, while its e-commerce and other services revenue jumped 113 percent to US$1.12 billion.[23]

Another emergent big tech player, Grab, is accelerating its expansion into financial services with a US$300 million funding for its fintech subsidiary. Founded in 2012, the Southeast Asian US$15 billion ride hailing and food delivery giant, backed by SoftBank and Uber, is betting on growing demand from the region's rising class of merchants and consumers. Grab's net revenue grew 70 percent in 2020 from the previous year.[24]

LOCALISATION TO SCALE

Each of the 11 countries in Southeast Asia is diverse in politics, language, and culture with different needs and consumer preferences. Succeeding in these markets requires localisation, which is more than just translating content. Firms need to consider the way the target audience thinks and behaves, resulting in product customisation and alternative approaches to pricing, marketing, operations, and customer service. Lazada, Alibaba's biggest Southeast Asian e-commerce operation, understood this behaviour and allowed customers in different markets to pay for goods in ways that suited them.[25]

Recruiting local talent for each market ensures knowledge of local rules and regulations, cultures, consumers, and commerce in this highly fragmented region. This includes basic things, such as identifying the popular marketing and social messaging platforms in the country. Line, for example, is popular in Thailand, whereas Malaysians and Singaporeans prefer to use WhatsApp. When expanding in Southeast Asia, Gojek took this approach and hired local 'founder' teams who were responsible for local service offerings and related businesses. [26]

NEW CHALLENGES IN DATA HANDLING

Data today is fluid, mobile, and global. Across the world, millions of people are using smartphones, some of which have been found to have pre-installed malware that robs users through fraudulent transactions.[27] There have also been concerns about Huawei's 5G potential backdoors and TikTok's user data collection via the entertainment app. At the same time, personal information is scattered around data centres in India or the Philippines via hosted service providers and call centres.

Businesses are turning to Artificial Intelligence (AI) as a cybersecurity weapon and it is becoming increasingly integral to information security. A recent study found that 61 percent of respondents can no longer detect data breach attempts without the help of AI. [28] This discovery informed the decision of 48 percent of the organisations surveyed to increase their digital security spending for AI by an average of 29 percent in 2020.

There are also privacy concerns following hacking incidents during the Covid-19 crisis, where cybercriminals profited from stolen identities. The public is legitimately concerned about current data practices. News about data breaches, government surveillance, and corporate misconduct have further diminished their trust on new technologies, including Covid-19 contact-tracing apps. [29]

Privacy compliance is lagging but customers are more aware now than ever before of their rights regarding data privacy regulations. As a result, data discovery, classification, and remediation by protecting sensitive data through automated workflows will become an important initiative for enterprises.[30]

Businesses are turning to Artificial Intelligence (AI) as a cybersecurity weapon and it is becoming increasingly integral to information security.

SUSTAINABILITY AND CLIMATE CHANGE OPPORTUNITIES

The bad news is Southeast Asia has not kept pace with the global green economy. The good news is there is considerable untapped potential in the sustainability and climate change space that did not exist before.

Southeast Asia's green economy could provide up to US$1 trillion in annual economic opportunities by 2030.[31] Building the green economy is a multifaceted prize. Revenue pools from new growth sectors and estimated cost savings from efficiencies offer pathways to competitive advantage while advancing sustainability and societal welfare. Adopting green practices will meet the region's wider environmental, social, and governance (ESG) ambitions and, in turn, deliver societal benefits–ends in themselves that also underpin increased growth. With global shifts in reporting requirements on sustainability practices, companies are now looking at ways to measure and mitigate their environmental footprint. Singaporean start-ups, such as Handprint and Seven Clean Seas, have embraced this opportunity, and are working towards more efficient business models by which companies can create a positive sustainable impact, as well as articulate and measure their effects more clearly. In addition, the shift toward a green economy in material industries could offer multiplier effects to the rest of the economy in Southeast Asia.

Conclusion

The pandemic was an inflection point for Industry 4.0. It removed barriers to digital tools and changed consumer behaviour. Online purchasing and delivery trends formed during Covid-19 are now the norm as consumers become familiar with the resulting ease, convenience, and experience. The consumers of tomorrow are here today. Covid-19 played a crucial, if not forced, role and there is no going back. We are now living in a brand-new era.

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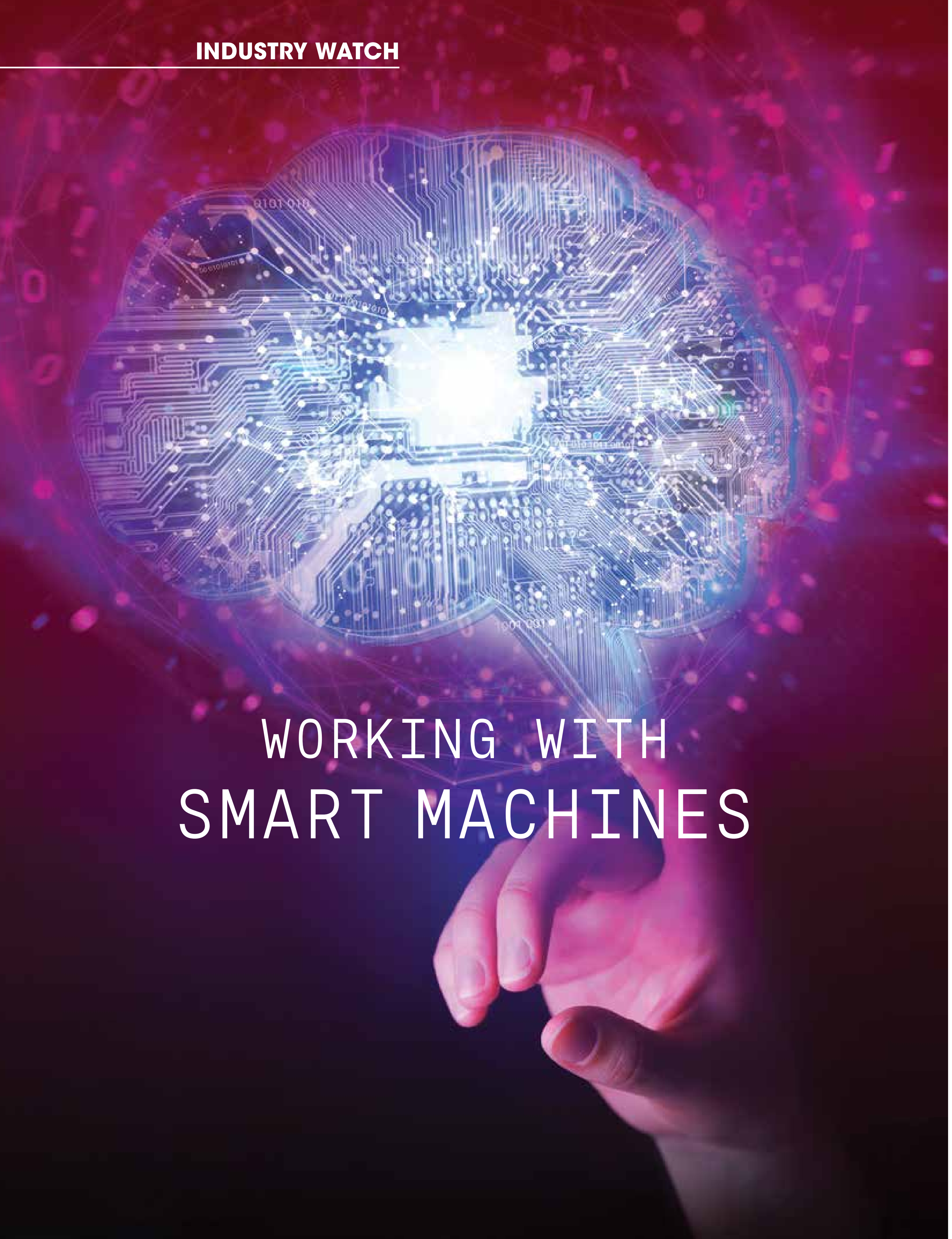


WORKING WITH SMART MACHINES

Insights on the future of work.

By Tom Davenport and Steve Miller

Judging from recent announcements by companies and research and development (R&D) organisations, Artificial Intelligence (AI) systems seem to be used everywhere across the world of work, in every industry setting and job role.[1] Well, yes and no. *Yes,* because in almost every industry, many companies are already using AI-based systems in one way or another as part of their regular everyday work. Also, there is a wide range of job roles that have been affected by augmentation, automation, or hybrids of both types of usage. *No*, because successful, especially larger scale, usage of AI systems is still highly concentrated within a fraction of companies worldwide that comprise the potential user base. Furthermore, the overall 'density' of actual AI usage embedded into everyday work processes is still low. In fact, most companies are not yet familiar with these systems.

In this article, we share our observations on how and why AI-based systems are being deployed. We look at how these systems have been integrated into existing and new work processes, especially the implications for the changing nature of work and how it will be conducted in future with AI-based smart machines. This will help companies that are in the earlier stages of considering, planning, or deploying these systems to know what to expect from recent developments in practice.

We draw our analysis from 24 case studies that we have recently completed on AI system usage in actual operational settings. This involved in-depth conversation with senior project leaders and direct system users in each case (refer to Table 1 for our assessment on the primary purpose of the AI system usage in each case).

In all the cases, the companies achieved substantial productivity improvements as a result of deploying these systems. There were three cases of full automation: one resulted in the elimination of a job without redeployment, while in the two other cases, employees were redeployed to other parts of the work process that required human capabilities. In the remaining 21 examples, the AI system was used to augment and support its human users. Both work process capacity and quality were substantially enhanced, enabling the organisations to scale output without having to proportionally increase the supporting labour input. In several cases, the AI system enabled a reinforcing cycle of productivity improvement as frontline staff gained breathing space and time to perform new tasks or work on a new business process.

Ecosystems for supporting AI applications

From our cases, we identified two types of supporting ecosystems that are needed to successfully deploy AI systems in business settings: one is technology-based, and the other is people- and job role-based.

TECHNOLOGY-BASED ECOSYSTEM

Many cases involved new digital platforms and intelligent case management systems.

Platforms

Platforms are the supporting systems underneath the AI applications that do the heavy lifting for acquiring, integrating, and managing the various types and stages of data used. They are the less sexy but no less substantive component of the overall system that makes AI work in practice. Without the underlying platform, the AI system and the workers who use it cannot operate effectively.

AI-enabled decisions, such as classifications, predictions, recommendations, forecasts, and optimised execution plans, need something to happen before they can occur and after they are made. In most cases, data needs to come before the decision. After a decision is made, a series of follow-on transactions and sub-decisions must be activated to support it. Platforms enable this end-to-end flow, from providing the inputs to the AI application to handling the outputs, and are used in three ways:

Exploration support platforms
The highest level of human involvement comes in platforms designed for data exploration and support of an ultimately human interpretation and decision. The functions of the platform include i) access to data, queries, and analytics; and ii) using AI models based on machine learning (ML) or natural language processing that allows sensemaking, interpretation, and supporting situation assessment. The mode of usage is open-ended, largely unstructured, and flexible. The downside of this flexibility is that users typically must possess a high level of skill and domain knowledge to engage productively with these platforms.

Transaction support platforms
Some platforms are primarily intended to perform repeated business transactions with varying degrees of complexity. AI is used to improve human decisions as part of the transaction. Any application where the AI-enabled system provides a human with an ordered list–ranked by most to least probable, or most recommended to least recommended–would be an example of a transaction support platform. A common example is using an AI lead scoring application to rank the priority of sales calls where the platform is a customer relationship management (CRM) system from vendors such as Salesforce, Oracle, and SAP. A more complex setting would be using the ML tool for cyberthreat attribution where the system provides the expert analyst with probability-based scores to assess whether various threat clusters are from new or recognised cyberthreat actors.

Automated decision platforms
Some platforms make automated decisions without any human involvement. A human observer may or may not be able to check the decision or determine why a particular decision was made. These platforms typically produce highly structured and data-driven decisions, which need to be made quickly, often faster than a human can keep up with. They typically do not involve expensive outcomes or costly mistakes. An example of such a platform would be the 'programmatic buying' systems used to place digital advertisements on publishers' websites. Such decisions often need to be made in milliseconds.

Platforms are critical to the success of most AI systems in business settings. Strategies and decisions about AI usage in a company need to address explicit issues about the underlying platform, including:

- For each AI application, what type of platform is needed?
- Should the company build a number of single-use platforms or fewer multi-functional ones?
- How feasible is it to acquire or embed AI capabilities into existing transaction platforms?
- What type and degree of human involvement is desirable for the exploratory support platforms and transaction support platforms supporting human decision-making?
- How can human or machine oversight be provided to prevent 'drift' or unintended consequences due to changing conditions for the fully automated platform type?
- How will the choice of platform impact workforce skills and change job roles?

Platforms have strong implications for the groups and job roles in the company that produce data feeding into the platforms, and for those involved in the various stages of the AI/ML pipeline for development, deployment, and ongoing support. They require large amounts of data, integration with existing systems, and high standards for performance and site reliability. Even when using vendor products and external system integrators, it will be necessary for internal information technology (IT) or data engineering groups to handle substantial aspects of the work required to develop or deploy these platforms. Therefore, people in both IT and business roles involved in creating and

maintaining these platforms need to collaborate with the internal or external data scientists who design and implement the AI algorithms at the foundation of these platforms.

Intelligent Case Management Systems

Computer-based case management systems (CMS) bring all the required data and forms to a worker to complete an entire case or unit of work online. They not only eliminate manual paper flows, but also integrate inputs from disparate online data sources and support tools, and automate workflow. While online CMS have been in use for decades, prior generations of such solutions generally did not use AI. More recent CMS incorporate AI and robotic process automation (RPA) capabilities, and have become much more intelligent and capable. We encountered the usage of these systems in many of our case examples of people working closely with AI in their jobs.

CMS have some commonality with some of the platforms we describe: they are involved with the integration of data and the management of workflows, although often in different ways. In most instances, platforms reside underneath the applications used by end-users, whereas CMS are a type of end-user application environment. Given the traits of intelligent CMS and their implications for work, they are worthy of being highlighted in their own right.

We observed three major functions being performed by intelligent CMS:

Workflow management
The system brings the work to the worker, supports and automates task execution, keeps track of task- and case-level completion status, and acts as the primary interface with the work to be done. The system also provides shared visibility of case status to everyone involved in the end-to-end workflow execution and to management.

Prioritisation
AI-enabled CMS can also prioritise the most important cases or transactions within a case to address, for example by ordering them according to predicted profitability, propensity to buy, risk level, or threat impact, depending on the specific domain of the casework.

Recommendations
With earlier generations of CMS, for the most part, the worker had to assimilate the information, assess the situation, and make judgments and decisions as required. It was more a paradigm of information support than a system-driven decision recommendation. The current generation of AI-enabled CMS can use available data and automated decision-making algorithms to make recommendations or even preliminary decisions. An underlying platform supporting the CMS may be needed to collect and integrate the available data required to make an AI-assisted decision.

In the cases that used intelligent CMS, the human user had the ability to review, modify, or override the decision by the smart system. Almost all the users could be described as knowledge workers, where the majority were well-educated and knowledgeable about their job situations, and the specifics of their work tasks. Given that these employees were able to modify the decisions recommended by the case management system, they had to have a practical understanding of how the system made decisions and what data it relied upon to do so. Only with that knowledge can they be comfortable in questioning or overriding the system's decisions and recommendations. Employers need to ensure that such employees receive user- and domain-centric instruction in practical terms on how to use the system, and also how it prioritises and makes recommendations on tasks and cases.

One of the great advantages of having humans and smart machines work alongside each other is that humans can confirm that an automated decision is 'sensible', that is, it is appropriate for the specific context and circumstances at hand. In a medical insurance coding case we researched, for example, the human coder audited the decision made by the system on how to code the patient's treatment, for input into the records of the hospital and the insurance company. The individual was able to reverse it if the system erred in its assessment. In a policing case, a tool called ShotSpotter Connect made a recommendation about where the police officer should patrol and what to do while patrolling, but the officer ultimately made the decision based on his or her preference, and information that might not be available to the system.

In many work settings, the 'right' decision often depends on understanding the complex contingencies and contextual factors, which often cannot be fully captured in the data used for analysis. In such situations, it is far more difficult and riskier to build intelligent CMS that fully automate decisions without human review. In general, we believe the final output is usually better with the combination of human and machine expertise. That said, we also acknowledge there are many specialised situations where it is advantageous for fully automated decision-making. Examples include micro-decisions that need to be made in split seconds, or when the situation is very stable and well-characterised by available data and validated models. Even in these situations, it is necessary to design how humans, with the support of smart machines, can review, evaluate, or modify the automated decision-making approach, over time as conditions and context may change.

One advantage of these online CMS is that users, i.e., frontline workers and their supervisors, can work anywhere and anytime. All the resources required for getting work done are present in the online applications. This proved to be especially useful during the workplace restrictions resulting from Covid-19 countermeasures. At the same time, the positive aspects of this 'freedom' have countervailing impact, as everything needed for work is present at home.

Finally, employees using these systems need to accommodate the fact that their work is mediated and monitored by software. We found only moderate concerns about this among the individuals we interviewed. People involved in our case studies using these intelligent CMS say the latter improve their productivity, but admit to a certain relentlessness in their work, with a few confessing to a feeling of being "chained to the computer", or complaining that "the work never stops". We advise employers to mix this type of work with others involving social activities and non-computer work in order to make jobs more fulfilling, and avoid employee burn-out.

JOB ROLE-BASED ECOSYSTEM

We began the research project with a focus on the frontline workers using AI on the job, but realised quickly that a broader ecosystem was necessary in every case to create and maintain the AI-enabled work. But frontline employees are still important, of course. Those that we interviewed were not only positive about the smart machines they were working with, but also did not show any indication of fear about being replaced by them. Except for the few cases that involved full automation, workers believed that humans would remain necessary in their job positions. They cited reasons such as the need for monitoring the machine's outputs, handling unusual and non-standard situations, incorporating an understanding of context, interfacing with other internal or external people, big-picture thinking, and other intrinsically human capabilities. Even in the three examples involving full automation of a major portion of a production process, some human employees were still working in direct and indirect ways to execute the extended work process and monitor the automation.

These frontline workers genuinely appreciated what AI systems had done for their jobs. The systems had enabled them to work independently and often on their own schedules. AI had also made their work more intellectually stimulating. In many cases, it had dramatically improved their everyday productivity.

Most often, leaders and executive sponsors were the prime movers behind building the AI systems and kick-starting the job changes. The funding for this came from their budgets. They had a vision of how the new work processes would be performed, and sponsored the training and reskilling necessary for frontline personnel.

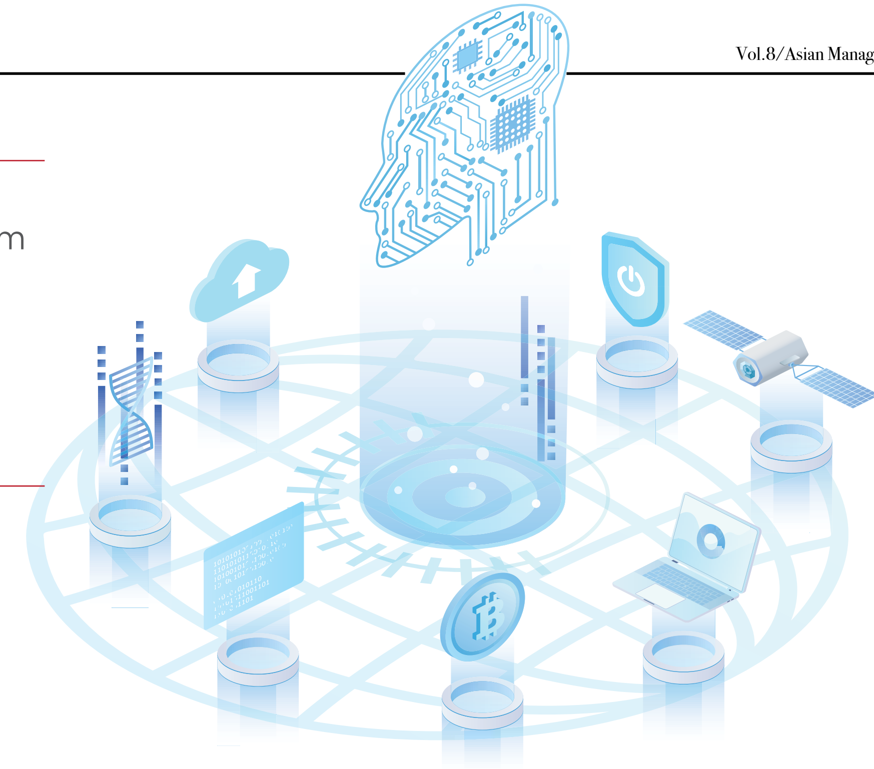
Frontline supervisors of work done collaboratively with AI also had an important role to play in the establishment of new workflows and patterns. They typically helped design the details of the work process, including how the work would be monitored and measured. They might also have pressed for improvements in the technology and become the primary interface with external vendors. In some cases, the AI system was their idea.

In many cases, substantial work on the AI deployments we examined was performed by IT professionals in the company, often together with an AI or data science group from their internal product development or innovation units. They were typically the ones to develop the applications and platforms that incorporate the AI or integrated vendor solutions into the company systems.

Additionally, vendors of AI systems or the platforms on which they run were critical for the successful deployment in specific company settings and in the overall marketplace.

> One advantage of online, computer-based case management systems (CMS) is that users, i.e., frontline workers and their supervisors, can work anywhere and anytime.

> New AI-based systems, their supporting platform and infrastructure, and their surrounding work processes, do not materialise easily or quickly.



They built and maintained the technology, were consulted on its implementation, and in some cases made us aware of their customers.

Finally, we uncovered several situations where a company's customers or partners had a noticeable influence on the successful outcome. At the Jewel shopping mall in Singapore Changi Airport, the airport operator, which was a partner in developing Jewel, had a strong hand in designing and approving the new approach to security. In the case of language translation services for localising business content, a client even specified to the company the types of localised translations it preferred, which the ML system has learned to use.

Each of our case studies represents a complex collaboration amongst all or a subset of the job roles described above. This has an important implication. New AI-based systems, their supporting platform and infrastructure, and their surrounding work processes, do not materialise easily or quickly. Even with an agile approach to solution development and more standardised, commoditised, and rapidly improving vendor solutions, it is going to take time to orchestrate and align the deep and tight collaborations across the job role ecosystem. The process to arrive at the point where all aspects of the AI-enabled system and the intertwined work processes meet the company's performance standards for even the initial phase of production deployment is meticulous and time-consuming. After that, there is still a need to continue system training as well as employee training, and provide feedback to improve the performance of these systems.

From these case studies and our broader industry interactions, we are starting to see a variety of new job specialisations emerging across the job role ecosystem described here that are needed to make the implementation of AI systems successful. We are also seeing more examples of the hybridisation of business-related roles with IT and AI deep tech-related roles. This includes more examples of people with business backgrounds in IT and related tech roles (including the Chief Information Officer role), as well as people with deep tech (including AI and analytics) backgrounds being embedded into business units and other non-IT corporate groups. The need for companies to have more deep technical expertise in IT, AI, cybersecurity, and data protection continues to increase. At the same time, there is a parallel need for even more people in these same companies to step into these hybrid business-tech fusion roles.

Indeed, new AI developments are proceeding at breakneck speed. But bringing everything together across technology, people, and job roles in any real-world work setting is a very complex undertaking. Our advice is that any company interested in moving ahead with these new AI-enabled ways of doing work should begin by identifying, understanding, and engaging the complex ecosystem of stakeholders and participants in the new solution. The web of tasks and relationships needed for new AI-enabled work is complex enough that an organisation should use a structured project or product management methodology to manage the overall effort. They should also use both structured and unstructured communication tools that keep members of this job role ecosystem in frequent contact with one another.

AUTHORS' ASSESSMENT OF THE ROLE OF AI SYSTEM IN EACH CASE STUDY

	Primary role of AI system in this use case	Additional roles of AI system in this use case
Insurance and Financial Services Settings		
Banking transaction surveillance	Threat identification, analysis and intervention support	• Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Banking internal operations support	Making non-specialists into 'citizen' creators and users	• Supporting experienced employees to work more productively
Banking wealth management advising	Motivating customers, prospects to engage in person	• Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Banking customer service support	Motivating, supporting customers to engage digitally	• Supporting experienced employees to work more productively
Insurance underwriting	Supporting experienced employees to work more productively	Nil
Medical insurance coding	Supporting experienced employees to work more productively	Nil
Information-Oriented Service Work (Multiple Industries)—Language-focused AI applications		
Legal services due diligence	Filtering, prioritising vast amounts of information for human user to start with	• Supporting experienced employees to work more productively
Software firm written content creation	Guiding less experienced employees on what to do	• Supporting experienced employees to work more productively
Language translation services	Supporting experienced employees to work more productively	Nil
Information-Oriented Service Work (Multiple Industries)—Data-focused AI applications (and some also Language-Focused)		
Cybersecurity managed services	Threat identification, analysis and intervention support	• Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Grocery store chain analytics	Making non-specialists into 'citizen' creators and users	• Guiding less experienced employees on what to do • Supporting experienced employees to work more productively
Advertising services, media buying	Making non-specialists into 'citizen' creators and users	• Supporting experienced employees to work more productively
Online food platform market and sales	Guiding less experienced employees on what to do	• Supporting experienced employees to work more productively
University financial donations	Motivating customers, prospects to engage in person	• Supporting experienced employees to work more productively
Healthcare Settings		
Online consultations with GP	Remote situational assessment of physical situations	• Threat identification, analysis and intervention support • Motivating, supporting customers to engage digitally • Supporting experienced employees to work more productively
Dermatologist medical clinic	Remote situational assessment of physical situations	• Threat identification, analysis and intervention support • Guiding less experienced employees on what to do • Supporting experienced employees to work more productively
Hospital pharmacy operations	Full automation of major portion of physical process	• Supporting experienced employees to work more productively
Factory and Production Settings		
Highly automated factory	Full automation of major portion of physical process	• Threat identification, analysis and intervention support • Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Machine shop producing bearings	Guiding less experienced employees on what to do	• Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Field Settings (Multiple Industries)		
Shopping centre facility operation	Threat identification, analysis and intervention support	• Remote situational assessment of physical situations • Filtering, prioritising vast amounts of information for human user to start with • Guiding less experienced employees on what to do • Supporting experienced employees to work more productively
Police patrolling	Threat identification, analysis and intervention support	• Remote situational assessment of physical situations • Filtering, prioritising vast amounts of information for human user to start with • Supporting experienced employees to work more productively
Weeding of vegetable crops	Full automation of major portion of physical process	• Remote situational assessment of physical situations • Supporting experienced employees to work more productively
Electricity and gas utility safety	Threat identification, analysis and intervention support	• Guiding less experienced employees on what to do • Supporting experienced employees to work more productively
Commuter rail maintenance	Threat identification, analysis and intervention support	• Guiding less experienced employees on what to do • Supporting experienced employees to work more productively

TABLE 1

As a final observation on the relationship between humans and smart machines, if you are worried about the impact of AI on jobs, it should be good news that so many different types of people and job roles are required to plan, prepare for, build, operate, and continuously improve these AI systems. Even as AI automates some tasks entirely and others partially, there are plenty of new jobs and remaining tasks for humans to do.

What to expect in Southeast Asia

Of the 24 case studies, four were from Southeast Asia: three were located in Singapore and one in Indonesia, indicating that successful AI applications are already occurring within some local companies in the region. Consulting firm Kearney recently reported that AI adoption in Southeast Asia is still in the early part of the curve, noting that "the benefits of AI are clear, yet the adoption rate says otherwise: more than 80 percent of the region is still in the early stages of adoption". It reported that only 30 percent of companies it surveyed were already developing or just starting to invest in AI capabilities. About 50 percent were piloting some AI initiatives. Only 15 percent were in advanced stages of AI implementation and this was typically in more service-oriented sectors. Over 80 percent were only devoting less than 0.5 percent of their revenues to embedding AI solutions into their operations.[2]

The Kearney report highlights that this situation of a relatively low adoption rate in the region is improving. According to the report, the region's top five economic sectors–manufacturing, retail and hospitality, agriculture, healthcare, and government (including safety, security, and smart cities)–will especially benefit from increasing AI usage to drive strong overall impact. It can lead to a 10 to 18 percent gross domestic product uplift across Southeast Asia by 2030, equivalent to nearly US$1 trillion.

In short, this means that over the next five to 10 years, we will see a lot more of everything described in our portfolio of case studies across Southeast Asia, especially in the six largest economies: Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. It also means that those in the region leading or managing their company efforts to plan, deploy, and operate AI-enabled systems would benefit from paying attention to our insights.

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The Strategic Approach to Internationalisation

How to build and manage multinationals across Asia.

By Gordon Perchthold

Asia is the global sweet spot for multinationals (MNCs) looking to generate revenue and, over the mid-term, sustained profits. It is in Asia's growth markets that these MNCs from developed economies believe they can chalk up stronger revenue growth, potentially outsized margins, and higher returns (after the start-up investment period) relative to what they would have obtained in their Home Country.

One such MNC is Prudential plc. Although it has been active in Asia since the 1920s, it only began to approach Asia strategically from the 1990s. It did so by not only committing its best management talent from the corporate office in its Home Country, the U.K., but also making considered investments in and adjustments to its international administrative structures. Prudential's organisational reconfiguration changed the standardised patterns of knowledge flows across the MNC, thereby increasing its probability of sustained success across Asia. Prudential Corporation Asia (PCA), its Asia subsidiary domiciled in Hong Kong, became the largest Group contributor to global revenue and profits. In fact, the old-world market of Prudential's Home Country dragged its market value down to such an extent that in 2019, the company chose to demerge. Prudential's U.K. and European business became a separately listed company, leaving Prudential to be an "Asia-led Group focused on capturing opportunities in structural growth markets".[1]

Yet, at the same time, the landscape across Asia is also littered with MNCs that have sought to chase revenue opportunities in the region, only to realise significant financial losses instead. One reason for such variations in performance among MNCs may be the ad hoc nature of their multi-country management practices. Home Country managers, reassigned or relocated to oversee the challenges of operating across multiple Host Countries, tend to draw mainly from their personal experiences. Along with their business education, such experiences would typically have been in the context of a single-market Home Country, which is quite different from the foreign multi-country context.

Internationalisation of Singaporean firms

Take Singapore, for instance. There is an imperative to address the knowledge gap between single-country and multi-country management practices. Singapore's economy is highly dependent upon international business. It serves as a hub for regional offices of foreign MNCs, which in aggregate employ a significant proportion of the local population. In addition, for Singapore's home-grown firms to scale into significant defendable businesses, they need to go beyond its shores and reach international markets. This is a national strategic priority operationalised by Enterprise Singapore, the government body responsible for growing and supporting local small and medium businesses in their internationalisation efforts.

Singapore is also a leading trading nation, with its deep harbour strategically located within the world's busiest shipping network. It continues to invest in world-class infrastructure and its people's education to better facilitate the logistics and efficient movement of cargo. However, excelling in trading as a capability is not the same as performing well at internationalisation. Engaging in trade with other nations requires companies to simply establish a relationship with an agent, who would represent them in distributing their product within a foreign country. Trading also does not require companies to continually confront the diverse cultures and business systems within foreign countries. On the other hand, internationalisation demands that Singaporean companies become immersed within the environment of their chosen foreign countries.

For Singaporean firms, internationalisation—that is, establishing sales or production operations in another country—can be quite challenging. Despite its diverse and rich Chinese, Malay, and Indian cultural heritage, Singapore's small population tends to adhere to a very narrow band of norms of behaviour learned through the centrally mandated and well-directed education, housing, and other established pathways, such as national service. The Singapore government's strategic longer-term orientation has contributed to the nation's successful economic development, creating a world-class institutional infrastructure supported by a rules-based economy that everyone follows. Such an environment is conducive to the efficient conduct of business within the microcosm of Singapore. Yet, these same strengths are challenges to overcome when establishing operations in foreign countries. This is because outside Singapore, there will be an uncomfortable diversity of individual behaviours, capabilities, and work practices combined with variations in the quality or even the existence of institutional infrastructure components, which is quite different from what companies in Singapore are used to and have taken for granted.

Four critical steps to build internationalisation capabilities

Translating the single Home Country success recipe into one for the foreign, multi-country context is a fundamental consideration when internationalising, not just for Singapore-based firms, but for firms in any country. Understanding the Host Country that is being considered as a potential location for expansion is one thing but recognising how your Home Country's characteristics have enabled your firm's success is another.

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Recognising and overcoming hubris is an integral part of appreciating where and why differences exist. As ancient China's military strategist Sun Tzu once said: "If you know neither the enemy nor yourself, you will succumb in every battle."

There are four critical steps to internationalisation:

1. Know thyself: What gives your firm the right to enter a foreign Host Country?
2. Know the Host Country: It may be attractive but is it accessible?
3. Identify which Firm-Specific Advantages (FSAs) can be transferred to the Host Country.
4. Assess whether your home operations can adapt to bi-directional pathways for knowledge transfer.

1. KNOW THYSELF

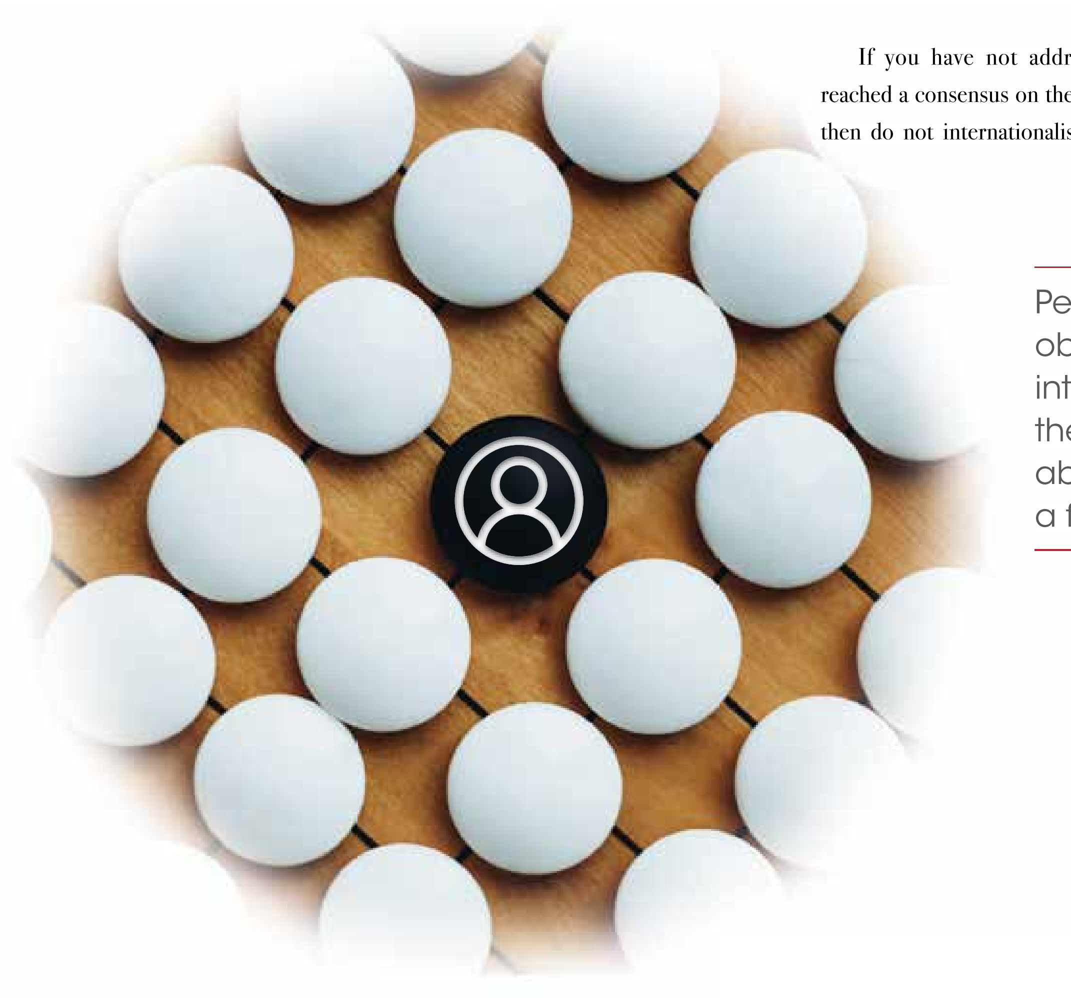
Singapore's population of about 5.7 million comprises 4 million Singapore citizens and permanent residents, and of the remaining 1.7 million people, a significant proportion forms the foreign labour force which builds and maintains the country's infrastructure, as well as supports the large number of foreign MNCs and Small and Medium Enterprises (SMEs) present. Even then, the population is insufficient for a Singaporean firm to achieve economies of scale in manufacturing to compete with countries in the region that have populations ranging from 24 million to 1.4 billion, which are also supporting their business sectors to develop technologies and manufacturing capabilities to create jobs locally. Furthermore, globalisation is getting re-architected with global value chains being shortened or collapsed as countries become increasingly reluctant to accept imported goods or services that could be produced locally at a competitive price.

In what respect, therefore, does a Singaporean firm have a comparative advantage? What gives it the right within the foreign market's competitive landscape to export to, or internationalise within the Host Country? Firms must objectively assess their FSAs to identify core competencies unique to the firm, which would differentiate the firm's product or service offerings in another country, keeping in mind that consumer preferences and the landscapes for competition, business, and regulations will differ. To what extent are each of these FSAs dependent upon your local brand resonance, long-term relationships, or infrastructures (e.g., transport, banking network), which are bound to your Home Country but difficult to leverage in the Host Country? It may help to break down your firm's local operations into the components found in the Business Model Canvas template, which is often used in design thinking initiatives, to identify where the gaps will be with respect to the Host Country.

But it is not just the product, service, or business model of the firm that needs to be assessed. The people are equally important. The members of your corporate board, top management team, and the broader organisation must also be capable of internationalising. It is one thing to visit another country; it is quite another to live in and conduct business within a foreign environment. In fact, people are the biggest obstacle to successful internationalisation—typically, they overestimate their ability to be effective in a foreign country and insist that their Home Country's ways must be followed. People-related criteria include:

- Corporate board and top management commitment to internationalisation that will be sustained beyond the tenure of the current CEO;
- Corporate board and top management commitment to the belief that internationalisation can stand the test of time when measured beyond a five-year horizon, and despite the market volatility that will likely occur during that period;
- A management team that can learn and accept that there are different approaches to undertaking business activities and yet achieve similar outcomes;
- Agreement on optimal weighting within the management team of locals and foreigners to reduce potential ethnocentric groupthink;
- Definition of the ethical positions and policies, which may vary from the accepted norms in the Home Country and how these variations would be addressed in the Host Country; and
- Management agreement on where the risks lie, and alignment on approaches to mitigate them.

If you have not addressed these topics adequately and reached a consensus on these matters with sufficient confidence, then do not internationalise until you have done so.



People are the biggest obstacle to successful internationalisation—they overestimate their ability to be effective in a foreign country.

2. DETERMINE THE ATTRACTIVENESS AND ACCESSIBILITY OF THE HOST COUNTRY

After your differentiated FSAs have been identified, determine which set of countries are attractive entry targets in terms of the scale of the population with the necessary per capita income to buy your product/service. At the advent of the current millennium, many MNCs were salivating at the prospect of acquiring 1.2 billion consumers in China. But many companies forgot to give serious consideration to the country's accessibility. How easy would it be for a foreign firm to outwit entrenched competitors, work through regulatory constraints, identify and engage government gatekeepers, adapt to cultural differences, implement different business practices, secure required intermediaries, resolve gaps in infrastructure, among many other internationalisation tasks? Many firms failed to start with the vital activity of researching their competitors who have already entered the target market to draw key lessons. Perhaps they would then have concluded that other countries would have been easier to access even if these were not quite as attractive when judged according to their population and/or gross domestic product.

The Topology of Distance Framework (refer to Figure 1) codifies the architecture of 'distance' considerations that facilitate comparison among multiple target Host Countries relative to your Home Country. The objective is to identify where the gaps are, which gaps must be accommodated, and determine whether the necessary adjustments can be made to the firm's business model and how it is organised.

This framework is rich and complex, meriting a separate paper in itself. But some simplified illustrations across a few of the eight dimensions of the framework can be illustrated using the example of say, an Australian firm, which produces a luxury retail food item like truffle oil, assessing China as a potential market for export or establishing a sales office. The two outer brown rings (dimensions) of the framework take into consideration the attractiveness of China's patch of earth. China, a country within Australia's broad geographic region, has 500 million status-conscious middle-class consumers (compared to Australia's entire population of only 25 million), extensively located in an identifiable set of very large urban centres.

But in terms of China's accessibility, let us touch on the innermost dimension—the hot core of the country (in red), which begins with the character of its People and permeates all the layers outside it. Exploring 'cognition' from the five categories for People (cognitive orientation, cultural tendencies, language, heritage, religion), academic research states that cognitive attributes do vary across countries. For example, the Australian mind focuses on the specific 'object', while the Chinese mind observes the object within its 'context', creating implications for imagery used in packaging and marketing. Another attribute is that Australians emphasise the 'individual' while Chinese emphasise the 'collective' (such as family), so the messaging around attribution of product benefits will also need to be different. There are dozens of other attributes that have implications for adjusting a firm's product proposition and positioning between Australia and China in order to more effectively access the consumer—and this is just within the People dimension.

The ability of the Australian firm's business model to access the Chinese market will also be influenced by the differences shown in the five layers depicted as shades of grey, which in aggregate contribute to the categorisation of its 'Market Economy'. The nuances among the attributes for the various categories of the five dimensions that influence the adaptions required by a firm's business model are not necessarily obvious without actually spending time within the country, or obtaining the advice of experts who have lived or worked there. For example, for the 'Nation-States' dimension, Australian firms operate within an environment categorised as 'Regulatory' that is, well-defined market conduct rules that enable the firm to advance its interests while protecting the consumer's interest. On the other hand, China has been shifting from 'Predatory' (practices that benefit the few) to 'Developmental' (increasing the well-being of the many). The Australian firm's business model and product proposition must adapt to this different social-political environment. Accessing the Chinese market is therefore not as straight-forward as in Australia. There will be unwritten protocols to navigate, such as appropriately entertaining and demonstrating respect to provincial officials who provide approvals of a firm's adherence to food standards, which may also be subject to interpretation.

The foregoing provides just a taste of the breadth and depth of effort required when considering your firm's ability to access a specific country. Such effort is not immaterial, so it is important to parse and filter the analysis to identify the best few among many potentially attractive countries for market entry. It is probable that you will end up choosing to enter some countries that were not your first choice in terms of attractiveness but prove to be more readily accessible within the boundaries of adaptions acceptable to your firm. Getting the balance right is not easy, but firms with a longer-term strategic approach will build their internationalisation expertise by gaining experience as they progressively move from easier to more challenging countries to access. The Topology of Distance framework gives you a holistic architecture to explore the dimensions of differences among your Home and Host Countries.

TOPOLOGY OF DISTANCE FRAMEWORK

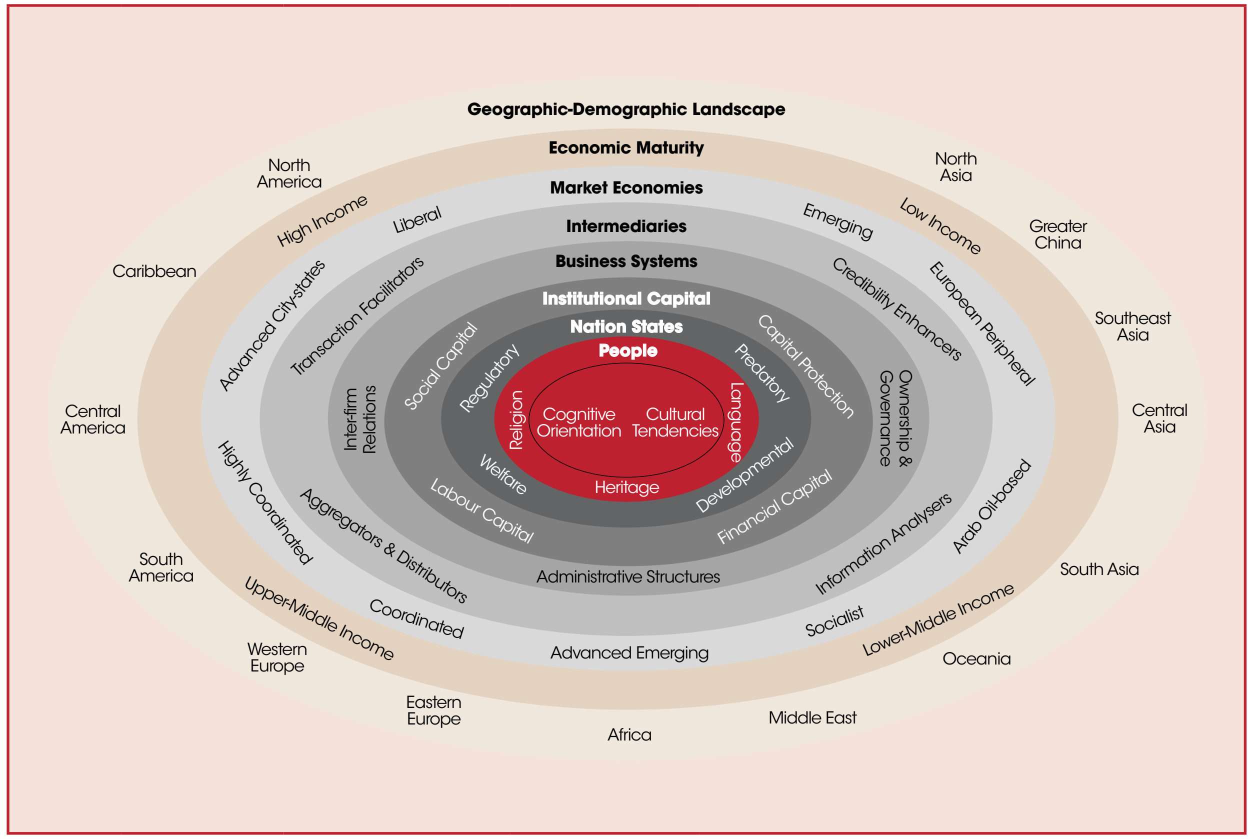


FIGURE 1 *Source: Dr Gordon Perchthold, an adaptation/extension of CAGE and Comparative Capitalism Literature, 2020*

> One thing is certain: the "way we do things here" mindset will have to change at the corporate office.

3. IDENTIFY WHICH FSAs CAN BE TRANSFERRED TO THE HOST COUNTRY

How do you transfer the 'secret formula' of your business to a foreign market? Does the knowledge reside in the minds of a few key people? They are your bottlenecks. Relocating critical personnel for sustained periods is not always feasible, particularly as they are probably in demand in your Home Country. Has the necessary knowledge been captured (codified) in operating manuals and application systems? With complex processes, this is easier said than done, as there will inevitably be some unintended omissions or misunderstanding.

Suppose that 'secret formula' includes FSAs such as your brand positioning, physical locations (e.g., bank branches), government and supplier relationships, and reliance on an ecosystem (e.g., Silicon Valley). In that case, replicating these in a Host Country may be challenging, so mitigation strategies such as the need for a Host Country alliance may be needed to better support your market entry approach.

4. ASSESS WHETHER YOUR HOME OPERATIONS CAN ADAPT TO BI-DIRECTIONAL PATHWAYS FOR KNOWLEDGE TRANSFER

Having a strong 'how we do things here' ethos is often a hallmark of success for a firm—business practices that are commonly followed unconsciously and simply taken for granted. But when setting up operations in foreign countries, the configuration of components within the human resources administration value chain will influence the fluidity of knowledge capital flows and the adaptability of your corporate office's management practices. This configuration will be the most significant barrier to successful internationalisation.

The choices made for each of the following components will determine the extent to which knowledge of foreign markets gets transferred and absorbed by your corporate office to improve decision-making and enhance stakeholder communications, so as to manage their apprehension about and response to the inevitable volatility:

Organisation Structure
Hierarchical organisational structures that are more prevalent in larger corporations tend to convey information in a top-down direction. Information from foreign subsidiaries that do not conform to the Home Country's mode of conceptualisation typically gets rejected rather than explored further. In contrast, matrix organisations, although more complex to establish and maintain, promote a diversity of knowledge exchanges, creating broader organisational receptivity to the non-conforming data that commonly emerge from foreign markets.

Choice of Regional Leader
While diversity is generally preferable to enhance understanding and creativity, this is one instance where it is not applicable. The corporate office will already be cautious, given the perceived risks in foreign markets, as well as their practices, which may deviate from those of the Home Country. In view of the resulting volatility, the Regional Leader must have credibility and be able to command respect, which is typically possible only if his/her profile is similar to those from the corporate office–at least, until the firm has become a mature MNC. So, if the Regional Leader shares the same nationality as those in the Corporate Office, and has chalked up a reasonable tenure and successful track record, he or she can be supported by staff with knowledge of the foreign market.

Leadership Development
The most successful MNCs break the ethnocentric cycle of a new expatriate from the Home Country being posted to key roles in the Host Country every three to five years. Rather, successful MNCs identify and move talent of various nationalities to positions of increasing responsibility in different countries over the course of their careers.

Criteria for Promotion
Attaining a position in the top management team can be competitive and political. The 'out-of-sight, out-of-mind' syndrome can discourage talented Home Country managers from taking a foreign posting for fear that it could slow down their advancement. The most successful MNCs break this ethnocentric orientation by making international experience a precondition to entering the C-suite.

Decision-making Processes
Relevant expertise should be tapped for any decision. Accordingly, participants in decision-making on international operations issues should extend beyond the corporate office to include those in the relevant regional office and country subsidiaries. A top-down decision-making approach will overlook essential information to the detriment of the MNC.

Internal Communications Patterns
Knowledge flows need to become multi-directional, rather than follow a simple top-down, hub-and-spoke path in order to benefit from shared experiences and recognise the diversity of business approaches that could be applicable across markets. Knowledge will resonate more with Host Country personnel when they participate in the conversation, discover its value, and apply the knowledge in their context. At the same time, the process will allow Home Country management to become better informed about the realities in the Host Countries.

Codification of Business Processes
The standard approach for new initiatives is for the corporate office to define the process, then communicate it to the subsidiaries for their implementation, applying a delta from standard where necessary. This approach fails more often than not and rarely results in enthusiastic buy-in from the subsidiaries. A less ethnocentric approach tends to be more successful. For example, this could be done by engaging representation from multiple country subsidiaries to incorporate their diverse experiences into a common solution that is sufficiently flexible to be applied to all countries.

Conclusion

Internationalisation need not be difficult, but its complexity necessitates research into the differences and considered thought to be applied to the configuration, to allow diverse forms of knowledge to flow in multiple directions. One thing is certain: the "way we do things here" mindset will have to change at the corporate office if a firm is serious about sustaining internationalisation and seizing the immense growth opportunities that foreign markets offer.

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He recently published a book, "Build and Manage Multinationals for Sustained Growth across Asia"

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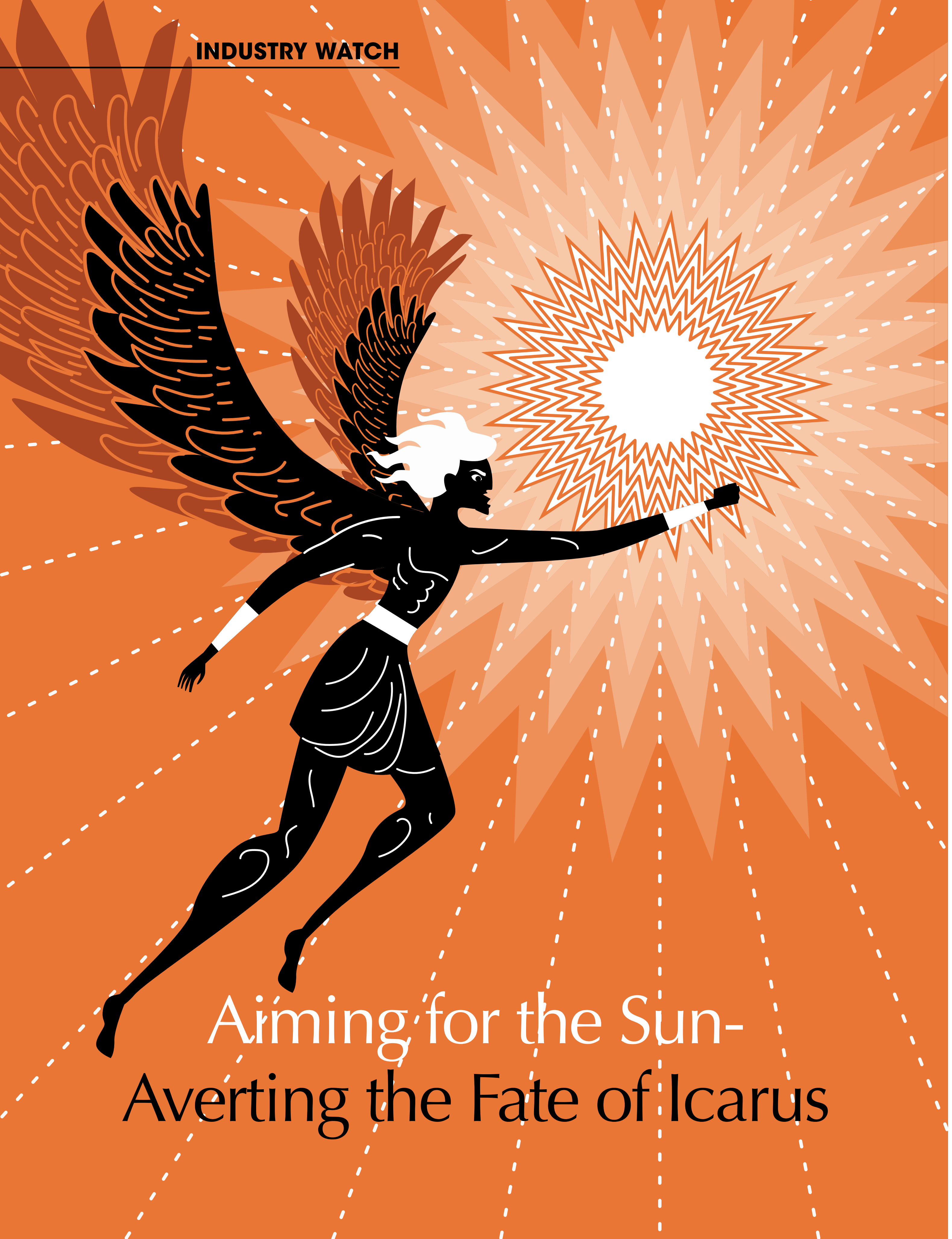

Aiming for the Sun-Averting the Fate of Icarus

De-risking solar energy projects.

By Manu Srivastava

Climate change is increasingly accepted as an existential threat to civilisation and 'business as usual' is considered a luxury we cannot afford any more. With burning fossil fuels accounting for almost half of the world's greenhouse gas emissions,[1] a world run on such energy sources is clearly not sustainable. At the same time, the cost of renewable energy (RE) has been dropping and it is becoming a viable alternative to fossil fuels. In fact, wind and solar energy prices have fallen as much as 73 percent in the last 10 years.[2] In the U.S., the total cost of building and operating an RE facility over its lifetime is expected to beat one running on fossil fuels by even larger margins over the coming years.[3] As per estimates, every U.S. dollar spent on RE today can generate US$3 in fuel savings by 2050.[4] It would hence come as no surprise that RE accounted for 72 percent of all new capacity installations worldwide in 2019.[5]

While both wind and solar power generation capabilities have become cheaper, the biggest price drop belongs to the solar sector, with its generating utility-scale power becoming as affordable as power from fossil fuels. This is a substantial feat for the sector, given that solar power was 7.6 times the cost of the cheapest fossil fuel-based power even as recently as in 2010. The savings for countries that adopt solar utility-scale projects is estimated to be huge, at about US$1 billion per year.[6]

We must therefore acknowledge that RE has arrived at a beautiful confluence of economic viability and environmental considerations—and this would facilitate the shift to a green future that does not require regulatory directions or government subsidy. It has the potential to lead humankind towards a more sustainable path of growth.

The fall in electricity costs from solar can be attributed to improved panel technologies, economies of scale, increasingly competitive supply chains, growing developer experience, and the rising comfort of financiers. This has been made possible by favourable policy and regulations framed by the governments, in addition to the vigour and initiative of the private sector. At the same time, project structuring has played a significant role and can further go a long way in reducing the price of clean technology. This article focuses on such successful attempts that have lowered the cost of RE, specifically solar power, in India.

Renewable energy: The cost and the risks

RE prices are lower than conventional power only in certain countries. Even in those countries, it is realised only for projects that are well-structured. Governments and project developers all over the world bear a responsibility to deliver projects where the developer risk is sufficiently mitigated. Setting up such viable projects can have multi-fold advantages. First, they attract established developers to countries that otherwise would be perceived as too risky. Second, they encourage sovereign, pension, and trust funds to invest in RE projects, since these groups of investors are more interested in assured returns than windfall profits. And third, the low risk profile would allow debt structuring at lower rates.

Some believe risk mitigation is a waste of time and effort since the RE sector is seeing an influx of large numbers of new players and prices are continuously decreasing. The bidding fields of RE projects in certain countries are increasingly witnessing the exuberance seen in casinos. Not surprising, they are also often observing accidents that usually accompany bouts of Russian roulette. Such failures deter serious long-term players from venturing into new countries and sectors.

Furthermore, most RE projects have a component of public investment, which is laid waste with the failure of the project. If the high risk-taking developers are missing, consumers will get a conservative price as lenders (who provide 70 to

Renewable energy has arrived at a beautiful confluence of economic viability and environmental considerations—and this would facilitate the shift to a green future that does not require regulatory directions or government subsidy.

75 percent of the capital) are extremely risk-averse and will compel the deal to assume the worst case, reflecting a higher solar tariff.

Therefore, solar projects must be viable for the sustainable growth of the solar sector. Viable RE projects, ring-fenced from the uncertainties of the host country, would encourage investors to move beyond the OECD (Organisation for Economic Co-operation and Development) countries, boosting capital flow from pension, trust, and sovereign funds that are otherwise typically stuck in traditional sectors in developed countries at rather low rates of return. Capital becomes available internationally at low rates and for long periods, features that perfectly suit the RE sector with its typically long-term (20-25 years) Power Purchase Agreements (PPAs). Instead of well-meaning organisations beseeching banks and financial institutions for green commitment, debt at reasonably low rates would itself veer towards projects that are sufficiently de-risked.

Risk mitigation is even more important for the RE sector, since almost the entire investment in these projects has to be made prior to their commissioning, and the revenue expenditure is limited to operation and maintenance. Admittedly, risks can never be completely eliminated, especially for a period of 25 years, which invites uncertainty. However, it is the responsibility of the project proponent to anticipate and mitigate those risks and uncertainties. To a large extent, this could be made possible through careful project structuring and incorporating appropriate provisions in the PPA. A crucial issue is that unmitigated risks need not be left with the developer, and it is best to apportion a particular risk to the stakeholder that is best placed to address it.

Through the examples of two RE projects, this article illustrates how sound project structuring can go a long way in bringing down the cost of solar energy. The first example is the 750 MW Rewa solar plant in India, which achieved a first-year tariff-rate of INR2.97/unit (US\$0.04/unit), when the accepted norm of the Government of India was to pay Viability Gap Funding[7] to achieve a tariff-rate of INR4.50/unit (US\$0.06/unit). The other example is the rooftop solar project implemented in government buildings in the state of Madhya Pradesh, which achieved a rate of INR1.38/unit (US\$0.019/unit) in its first year. Even if the subsidy were to be removed, its first-year tariff of INR1.38 would translate to INR2.28 (US\$0.03), with three percent annual tariff escalation. This project brought rooftop solar prices on par with those for ground-mounted projects.

Although the scale of these two projects differs, they illustrate that sincere attempts at robust project preparation, risk mitigation, and appropriate risk distribution among stakeholders could make solar energy far more affordable, thus facilitating the shift from fossil fuel-based energy to green and clean solutions. More widely, the projects highlight the structuring features that lead to successful public-private partnerships (PPPs).

Risk reduction through robust project preparation

CLARITY ON LAND/SITE

One of the initial challenges typically faced by ground-mounted solar projects is the unavailability of land. The same problem manifests itself as unavailability of rooftop sites for solar rooftop projects. In many countries, large parcels of land belong to the sovereign, hence the sovereign is usually better-placed to arrange the large areas of land needed for RE projects. Therefore, the responsibility of arranging the site should be taken up by a public organisation.

In the Rewa project, when the project was put to developers for bidding, 97 percent of land had already been procured by the project proponent, Rewa Ultra Mega Solar Limited (RUMSL), an entity jointly owned by Governments of India and the state of Madhya Pradesh. Similarly, for the rooftop solar project, only those projects where the rooftops had been made available were put up for bidding.

ADDRESSING INFORMATION ASYMMETRY REGARDING AVAILABILITY OF LAND/SITE

In both projects, data rooms were developed, where bidders could see the extent of land/sites that were made progressively available closer to their bidding dates. This was crucial for the rooftop project since developers in such projects usually have the added responsibility of marketing the Renewable Energy Service Company (RESCO) concept to consumers and negotiating the availability of the sites with them post-tender.

The data room in the rooftop solar project had detailed information about the buildings, such as their Google Map coordinates, indicative Solar PV array layouts superimposed on Google images, and monthly electricity bill figures. For example, if a project group in the rooftop tender consisted of 291 college buildings, its data room would have 291 folders, each containing the abovementioned information for one building. It would have been impossible for bidders to visit the 291 college buildings located over a state that runs around 1,000 km from east to west and

700 km from north to south. However, by accessing the data room, bidders could 'see' each of the 291 buildings and their pre-engineering solar project design with the click of a button.

Risk reduction through contractual provisions

PAYMENT SECURITY MECHANISM

The single biggest risk or uncertainty for a developer is receiving the tariff payment, and on time. Almost all the investment is made upfront, and the developer expects to recover it through tariff payments over 25 years. Hence, payment security is a key concern for developers. This is especially crucial when the customer is a utility provider, since utilities, especially in developing countries, are often loss-making and have poor financial ratings.

The Rewa solar project supplies 24 percent and 76 percent of its output to the Delhi Metro and utilities of Madhya Pradesh respectively. While the financial rating of Delhi Metro was unimpeachable, two out of three utilities of Madhya Pradesh had the lowest 'C' rating,[8] which indicated 'very low operational and financial performance capability'. The project addressed this risk by providing a unique three-tier Payment Security Mechanism (PSM). The first tier was a Letter of Credit from the utility, the second was a Payment Security Fund (PSF), and the third was a guarantee from the Madhya Pradesh state government against utility payments. Thus, the state government put up its own balance sheet to shore up the financial ratings of the utilities. With this innovative three-tier PSM, the project could successfully mitigate the enormous uncertainty regarding payment from the poorly-rated utilities.

TERMINATION COMPENSATION

As the PPA duration is usually 25 years, clarity regarding consequences of early contract termination provides much-needed comfort to developers and their financiers. In both projects, a termination compensation clause was included. The compensation offered is higher in the event of the procurer defaulting, as compared to the developer defaulting. As the third tier of the PSM, the state government guarantee also covered termination compensation, apart from delayed payments.

DEVELOPER COMMITMENTS COMMENCING WITH AVAILABILITY OF LAND/SITE

In a large number of projects, providing the land/site is the responsibility of the government or a public authority. Often, there is a delay in doing so, and the developer has to seek time extensions with its attendant challenges. The PPAs in both projects addressed this issue by stating that 'day zero' of the project would not start from the signing of PPA, but the day when the land/site was provided to the developer.

Appropriate distribution of risk among stakeholders

CHANGES IN LAW

Changes in law and regulations is a risk that the developer is typically ill-equipped to handle. The developer is not in a position to influence either the Government or the regulators. It is also not in a position to anticipate the changes, especially over a long 25-year PPA period. It is hence necessary that the developer be insulated from this risk, which should be borne by the utility/consumer through clearly stated 'change in law' provisions.

TAXATION

Changes in law often pertain to taxation. It would make things less discretionary if the correlation between any change in taxation and impact on tariff is provided upfront in the PPA. In the rooftop project, it was stated in the Request for Proposal (RfP) and PPA documents that the relative change in taxation on the capital and operational cost would impact the discovered tariff to the extent of 80 percent and 10 percent respectively. Even the benchmark costs for material components and yearly operation cost were provided in the documents. This meant that any change in taxation would lead to a corresponding change in the tariff that could be calculated through a formula given in the PPA, without having to file a petition before the regulator.

For instance, it was widely expected that there would be an imposition of safeguard duty of 25 percent on solar cells soon after the close of bidding of the rooftop project, which proved to be so. It was clarified prior to the bidding that based on the provisions in the documents, 25 percent of safeguard duty on solar cells would increase the discovered tariff by 5.2 percent. This gave enormous comfort to the bidders, as it ensured that any subsequent change in taxation would be added transparently to the discovered tariff.

INSULATE RELATIONSHIP FROM THE GRID

The relationship between the developer and the consumer, and the payments due to the developer from the consumer over the PPA period, should not depend on the decisions of the utility or the transmission company. For the rooftop solar projects situated within the premises of the consumer, the generator-consumer relationship has to be behind the metre. In other words, the generator needs to be paid based on the solar energy generated, irrespective of the regulations or the utility's policy regarding excess energy, banking, etc. Thus, the PPA should provide for payment based on readings from the generation meter. The decision of the regulator or the utility regarding solar power generated that is not immediately consumed might change during the period of PPA and this risk has to be borne by the consumer.

An interesting lesson from the Rewa solar project brought home the point that the risk should be borne by the stakeholder best placed to handle it. Delhi Metro, located 875 kilometres away from Rewa, was a consumer of Delhi utilities when discussions for the project started. The plan was to deliver power to Delhi through the national grid. Delhi Metro was keen on the delivery point being within the city. It seemed an innocuous request, given that the policy of the Government of India provided that inter-state transmission of RE would be free and the cost would be socialised. However, the relevant notification had not been issued until the bidding commenced. Hence, it would not have been appropriate to leave the risk of the inter-state transmission charges and losses from Rewa to Delhi with the developer, and Delhi Metro was persuaded that the delivery point would be Rewa and not Delhi.

After the PPAs had been signed and the project activities were about to begin, the Government of India issued the awaited notification, providing for free inter-state transmission of renewable energy, but applicable only to utilities. As Delhi Metro was not a utility, it could not take advantage of the free inter-state transmission. Given that the charges for transmission from Rewa to Delhi would have been almost 40 percent of the cost of power, had the delivery point been kept at Delhi as Delhi Metro had requested, the additional cost would have fallen on the developers who would have been unable to bear the additional charge and would have defaulted.

Nevertheless, since the delivery point had been decided as Rewa and the risk of charges for inter-state transmission from Rewa to Delhi was left with Delhi Metro, they took it upon themselves to request the Government of India for a change in policy. While the decision is still pending, transmission charges have not been imposed on Delhi Metro over the last two years that the project has been running. Even if such charges were to be imposed, they would be levied on Delhi Metro and the cost of delivering power from Rewa would still be lower than the rate of Delhi utilities. More importantly, the project has insulated itself from the risk of changing government policy.

Avoiding the fate of Icarus

Solar energy has shifted from the 'vicious cycle' of high cost that limits its application and consequent attention to a 'virtuous cycle'. In this context, the two examples of Rewa and Madhya Pradesh's solar rooftop projects demonstrate that risk mitigation through robust project preparation, careful project structuring, and appropriate distribution of risk among stakeholders can lead to successful solar projects.

Apart from the path-breaking low rates achieved, both the projects attracted enthusiastic participation from the developers. RUMSL, the proponent of Rewa solar project, was a new kid on the block. Established in July 2015, it has ventured into territories reserved for established federal companies. Despite this, as many as 20 reputable solar developers, including six international companies, participated in the bidding for the Rewa project. The tender was oversubscribed by 10 times. Similarly, Madhya Pradesh's RESCO tender attracted 40 international and domestic bidders, and was oversubscribed by 630 percent.

Solar energy has shifted from the 'vicious cycle' of high cost that limits its application and consequent attention to a 'virtuous cycle'.

Following the Rewa project bid in February 2017, the Government of India issued Standard Bidding Guidelines for ground-mounted solar projects in August 2017.[9] These guidelines incorporated many notable features of the Rewa project, ensuring that the principles of risk reduction become standard practice for all ground-mounted solar projects in India, leading to a continued decrease in solar prices (which have, as of April 2021, reached INR 2/unit, or about US$0.026/unit). The Rewa project also received the World Bank Group President's Award for innovation and excellence for its transaction structure.

The Madhya Pradesh rooftop solar project, with an investment of US$26 million, led to government savings of US$323 million over its project life in net present value (NPV) terms. Its RESCO documents have been circulated by the Government of India to all states. The project is also being replicated by the World Bank in some Indian states and by the International Solar Alliance (ISA) in ISA member countries.

Solar energy is now the cheapest source of energy in many countries, without the crutches of regulatory directions or subsidies. This revolution has to be carried all around the world, to achieve the U.N. Sustainable Development Goals (SDGs) of energy access, economic development, and concern for the climate. There is a broad global coalition in favour of RE, and the establishment of organisations like the Indian Solar Alliance shows global commitment towards this cause. The time is ripe to think hard and act quickly to make a dent on the wall of fumes that humans have created.

We need continuous innovation to deliver solar power at lower costs. Solar project innovation is important and powerful because it can provide solutions that are more persistent than democratically-achieved compromises. At this moment in history, the calling is to set up viable projects where risks are mitigated and long-term returns assured. The risk mitigation needs robust project preparation and careful project structuring. Risks that cannot be mitigated need to be left not necessarily with developers, but rather with the stakeholder best placed to handle them. If we take such steps, we can fly high, without the solar sector meeting the fate of Icarus whose wings tragically melted when he came too close to the sun.

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is a member of the Indian Administrative Service (IAS). He was the Chairperson of RUMSL, from the beginning to the commissioning of the Rewa project

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ANGLING FOR EFFECTIVE INNOVATION GOVERNANCE IN ASIA

Lessons learnt from Singapore's Qian Hu Fish Farm.

By Thomas Menkhoff and Ong Geok Chwee

Would you feed herbal medication to help fishes heal? This proposition may seem like a wild idea, but it was a calculated act of innovation by Qian Hu Corp Ltd, a Singapore-based Chinese family ornamental fish business. How can Asian enterprises, especially family businesses, not only build innovation capacities, but also govern their innovation in a strategic way? This is especially critical when the business landscape in many Asian economies is dominated by Chinese family businesses, spanning the gamut of small and large firms.[1] Despite prevailing notions about their growth restrictions due to cultural characteristics such as familism (which may dispose them to nepotism) or a lack of professional management, many have grown into globalised multinationals, as exemplified by the financial institution Oversea-Chinese Banking Corporation (OCBC), the conglomerate Hong Leong Group, and traditional Chinese medicine company Eu Yan Sang International. In today's fast-changing Asia, contrasting 'traditional Chinese' with 'modern Western' organisations to fully understand the empirical reality is quite ineffective as a heuristic, owing to the complex growth dynamics and ongoing intergenerational transitions, not only in Chinese, but also more broadly, Asian family businesses.[2]

In this article, we draw a few lessons gleaned from our ongoing research project on innovation governance in Asian enterprises, specifically that of Qian Hu, which has expanded beyond its core business and won several national awards, including one on innovation excellence, along its path of success. Through the lessons and Qian Hu's examples, we argue that innovation governance is so central to an organisation's performance and survival that it needs to sit squarely with top management. In other words, innovation governance is a strategic capability that cannot be delegated to any single corporate function or to lower levels of the organisation.

An innovation governance system

Corporate innovation has become increasingly challenging due to pressing concerns around heightened uncertainty ("how will our customers react?"), creeping complexity ("how best can we manage diverse groups of internal and external knowledge experts from different disciplines?"), low degrees of predictability ("who might disrupt us?", "what will happen when we develop a new innovation strategy for the company?"), and promoting creativity ("how do we nurture a climate where creativity can flourish here?"). Therefore, business leaders not only need to be innovative themselves, they also need to be able to strategise and orchestrate innovation efforts. Equipping them with the right governance frameworks, tools, and techniques would enable them to do so with a clear focus and a balanced portfolio of various innovation initiatives.[3]

Corporate innovation governance can be understood as a systematic approach to "align goals, allocate resources and assign decision-making authority for innovation, across the company and with external parties".[4] It is clear that innovation governance is a 'top management responsibility' that cannot be delegated to any single function or to lower levels of an organisation.[5] A good innovation governance system states clearly the vision and intended goals of the organisation's innovation efforts, as well as the nature and quality of its relationship with both internal and external collaborators such as in the context of open innovation. It also clarifies what constitutes the desired innovation culture in the organisation, thus providing guidance on how the management intends to create and sustain a climate where new ideas are not only encouraged and rewarded, but also where failure is an acceptable option and not stigmatised as a shameful defeat.

Effective innovation governance ensures that appropriate innovation metrics are deployed in the organisation, establishing proper management routines regarding innovation project management. This relates to various tasks including information sharing and making timely decisions associated with the various stages of the product innovation process such as 'Go to Development', 'Go to Testing', and 'Go to Launch'.[6] Without a governance system to curate a well-balanced portfolio of incremental and radical innovation initiatives, organisations may become too product centric. They may even become impatient to launch new product lines or services, thus coming under undue pressure to generate sizeable revenue.

Making innovation governance work in Asia

While the dos and don'ts for innovation governance approaches towards non-Asian firms are fairly well-researched, less is known about the ways of governing innovation in Chinese family firms. While many would agree that winning firms are characterised by strong innovation governance approaches, empirical research on this topic in Asia remains scant. Anecdotal evidence tells us that many organisations lack formal innovation governance systems. We notice that amongst the couple of real champions where innovation is effectively governed, they did so through solid innovation management frameworks, top leadership support, and capable managers aimed at creating sustainable business and societal value.

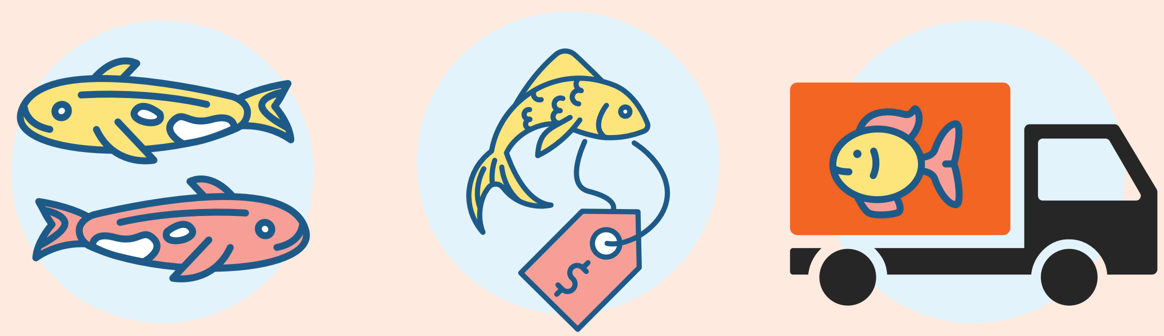
Business leaders not only need to be innovative themselves, they must also strategise and orchestrate innovation efforts.

QIAN HU CORP LTD

Qian Hu is an integrated ornamental fish service provider incorporated in Singapore in 1998. The firm's business activities include the breeding of dragon fish (also known as arowana), as well as farming, importing, exporting, and distribution of over 1,000 species and varieties of ornamental fish. By 2014, its farm accounted for 15% of Singapore's ornamental fish supply and exported four million ornamental fish to 80 countries and cities, which amounted to about 6% of global supply.[7] Under the leadership of Kenny Yap, Qian Hu's Executive Chairman, Qian Hu expanded its range of products beyond ornamental fish exports to include aquarium and pet accessories, and has ventured into aquaculture.

Since its ISO 9002 certification in 1996, Qian Hu has emphasised value creation through quality products and processes. The family business started to innovate internal processes in 1997 by semi-automating its packing processes, at a time when most of the other fish farms still relied on manual processes. In 2009, the company established a strategically integrated division to spearhead the firm's research and development (R&D) efforts. For Yap, technology is a key innovation driver. He stressed, "Before I retire, I want people to call Qian Hu a technology company, not a fish company, because regardless of what we do, we use technology to enable what we are doing."

R&D is critical for further differentiating Qian Hu from its competitors. In 2013, the company won the Innovation Excellence Award from SPRING Singapore (now known as Enterprise Singapore, a government agency that supports enterprise development, and serves as the national standards and accreditation body for the country).



Here are the five main lessons we draw from Qian Hu's experience.

1. MAKE INNOVATION A TOP MANAGEMENT PRIORITY

The CEO needs to take ownership of innovation. This individual should become the *de facto* 'innovation czar' of the organisation, acting as the champion and key driver of innovation efforts. This is because the lower levels of management and staff lack the complete picture about the company's finances and the entire range of resources at its disposal to optimise innovative outcomes at the firm level. According to Yap, "If the CEO does not have the heart and the belief in making innovation work, I don't think that the organisation can make it happen."

Making innovation continually conspicuous on the agenda of those at the helm ensures that it is more likely to remain as one of the organisation's core priorities, even after a leadership transition. As Yap said, "A CEO's job is to plan for the company to be managed beyond the current generation."

An effective innovation governance system defines the roles and responsibilities related to the innovation process, including establishing clear decision-making power lines (e.g., developing, approving, and tracking innovation budgets). In Qian Hu, minor decisions about potential new projects, such as those valued at less than S$100,000 (about US$75,000), are delegated to the deputy directors and managing directors of the firm's subsidiaries; higher-value projects remain in the domain of top management, especially at Yap's discretion.

Research tells us that the board plays a critical role in innovation governance.[8] This is also reflected in Qian Hu's dynamic approach. Its selection and appointment of the firm's board members constantly changes according to the needs of the company, which are contingent upon the specific stage of business development, the importance of technology as an innovation lever, and the required expertise at that point in time. Yap said, "Initially, [our board] only had lawyers, accountants, or consultants... A few years ago, I started replacing a few or added new board members with a greater emphasis on innovation or technology. Two or three years ago [as we ventured into aquaculture], I invited a retired [Agri-Food and Veterinary Authority] expert, who was head of fisheries with a PhD in fish diseases, to become a board member."

2. HAVE A LONG-TERM INNOVATION STRATEGY

With regard to formalising innovation strategy, the business leader needs to be able to hold a dualistic, even contradictory view. On the one hand, a long-term business perspective ensures business continuity and successful strategy execution, whereas a short-term business perspective based on quarterly reporting can hurt the business quite badly. Here, Yap points out an advantage of family businesses, "Nobody can fire me because my family owns the business, so I can think long term." The Singapore-based family business had implemented a strategic, formalised approach towards innovation based on a five-year plan, which helped the firm clinch the Innovation Excellence Award from SPRING Singapore in 2013.

On the other hand, a budget-driven, strategic R&D management approach cannot become fossilised. It should be balanced with a flexible one that accommodates surprises and unplanned opportunities. For instance, Qian Hu's R&D expenditure was higher than its annual net profit between 2011 and 2017.

The CEO should become the *de facto* 'innovation czar' of the organisation, acting as the champion and key driver of innovation efforts.

This more organic, less structured approach towards innovation management in Qian Hu is buttressed by an innovation-friendly environment. Yap noted, "Innovative ideas can just appear. So we give our staff a good environment to innovate. Whenever they propose a good idea, we will implement it, and we'll recognise this by giving them a plaque or a monetary award. So we have this system of asking all staff, including those on the ground, to be innovative... During top management meetings, we always talk about the new things that we do that can create an impactful outcome."

3. BUILD INNOVATION OUTSIDE-IN

Firms should be clear about how innovation can help differentiate themselves from other companies and be agnostic about the sources of innovation. Often, these sources may turn out to be outside the confines of the company walls. Qian Hu supported a project with National University of Singapore researchers to produce high-value fish albino, which is a unique variant in high demand even under the current challenging Covid-19 conditions. The company expressed interest in recruiting the researchers during this period if the technology proved to strengthen its R&D capabilities.

External collaboration could also start small with explorative 'probes' to understand the nature of the innovation and the team developing the technology. Qian Hu recently invested in a start-up. "We might want to acquire the company. I think the best way to assess this is to do a project first and then see whether management is comfortable with it. If we are, then we might acquire the company," Yap related. This was not the first time Qian Hu took such a step. This was how it had acquired the know-how in developing a medical plant-based formula for its aquaculture development while exploring alternatives to using antibiotic treatment. As Yap pointed out, "We must have something to treat [our fishes] when they get sick, right? We acquired the herbal formula because it would have taken us years to develop it on our own."

4. FOSTER A CULTURE OF INNOVATION

Qian Hu has put great emphasis on nurturing an innovation-friendly environment and focused on building and sustaining a robust culture of innovation. To do so requires a 'portfolio' of both intangible and tangible ways. One intangible and symbolic way Qian Hu took to endorse the culture of innovation was to put it into the company's mission statement, so that employees knew that the organisation was serious about differentiating itself from its competitors. Another was that Qian Hu's management also tried to provide a psychological safety net where employees could try new things without getting penalised when mistakes were made.[9]

Qian Hu deployed two tangible measures to foster a culture of innovation. First, top management must lead by example, as Yap and the company board had demonstrated in a tangible manner. He added, "The identity of a company is determined by its culture and the behaviour of higher management." Second, the family business developed a system to reward its staff immediately for suggesting good ideas, instead of recognising their action later such as only during annual performance evaluation.

5. EXPAND THE DEFINITION OF 'FAMILY' IN FAMILY BUSINESS

According to Yap, even though most of Qian Hu's shares are owned by the Yap family, professionals from the outside comprised 70 percent of top management while family members made up the remaining 30 percent. Yap also puts strong emphasis on family values, and that who counts as family goes beyond blood relations. He pointed out, "Regardless of race, sexual preferences, gender, and religion, if you concur with [Qian Hu's] values and you agree with [Qian Hu's] culture, you're part of the Qian Hu family." Yap was especially proud of how Qian Hu, as a family business, had helped its staff to provide a brighter future for their families. "We came from a poor family... That's one of the biggest incentives for me to come to work, more than anything else. I think maybe Qian Hu has created something good in the broader sense," he said.

Conclusion

Innovation governance in a dynamic Chinese family-based enterprise such as Qian Hu is markedly different compared with that in large, non-family-owned organisations and the Anglo-American corporate governance model. Qian Hu's innovation governance approach was both explorative and exploitative. The 'Yap family values' provided guidance on managing both people and partners, while business processes

Qian Hu has put great emphasis on nurturing an innovation-friendly environment and focused on building and sustaining a robust culture of innovation.

were optimised through information technology and strategic R&D approaches with a view towards achieving better business results. Key capabilities include Yap's visionary and values-based innovation leadership, and his strategic innovation approach which are exemplified by the emphasis on family continuity, value creation through R&D, and product innovation beyond existing ones.

Not surprisingly, innovation governance is largely driven by one larger-than-life business leader, who often assumes the face of the family business.[10] Decisions at Qian Hu are driven by the Executive Chairman himself, rather than people appointed by him or the board. The role of the company board in innovation governance was skewed towards providing expertise that the firm needed, while Yap stood out as the company's 'innovation czar'. Decisions on major innovation investments were mainly made by him, with smaller ones delegated to managers of the respective business units.

Other factors for Qian Hu's success in innovation governance include proactive innovation leadership with a clear vision towards innovation and productivity improvements, a robust organisational culture, and inclusive family values beyond the immediate family as drivers of intra-organisational innovation efforts, as well as disdain for a codified (rigid) innovation strategy.

Qian Hu's management approach comes across as organic and contingent, rather than inorganic-mechanistic, which is well-aligned with the current volatile, uncertain, complex and ambiguous environment.

This article is based on the authors' conference paper "Innovation Governance in Chinese Family Business: A Case Study" in Proceedings of the 15th International Joint Conference on E-Business and Telecommunications (ICETE), 1, pp. 158-165, 2018.

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Kobe

Influencer Marketing

Using social media to promote a herbal tea brand.

By Patricia Lui and Lipika Bhattacharya

In July 2019, Evangeline Leong, co-founder and CEO of Kobe, a Singapore-based start-up providing influencer marketing services, had a challenging task ahead of her. Her team was preparing for a campaign to build brand awareness of Jia Jia herbal tea amongst millennial consumers in Singapore.

At Kobe, Leong and her team provided end-to-end influencer marketing services for clients, including consultation on marketing strategies for realising brand objectives, assistance in identifying key performance indicators (KPIs), execution and monitoring of campaigns, analysis of campaign results, and provision of recommendations. In addition, Kobe's Artificial Intelligence (AI)-driven influencer platform allowed clients to choose the most suitable influencers from its database of over 5,000 such individuals. Kobe wanted to 'engage the right influencers to spread the right message to the right audience'.

Millennials in Singapore were social media-savvy and often bought products based on recommendations from influencers they trusted. Targeting this customer segment through social media was therefore a viable option. However, the Jia Jia campaign faced a couple of limitations. It had a small budget and a short timeframe. Another constraint was that herbal tea was not very popular with millennials. Over the past decade, 'bubble tea'[1] had become the preferred drink of this consumer group. Leong knew she was being ambitious in trying to "sell bell-bottoms to millennials", and wondered if her influencer marketing campaign to rebrand Jia Jia herbal tea in Singapore could be as successful as the Levi's Jeans' 501 campaign. Could she turn back the clock and make Jia Jia the most talked about beverage in town?

> Millennials in Singapore were social media-savvy and often bought products based on recommendations from influencers they trusted.

An ambitious campaign to get millennials to drink herbal tea

Tea drinking was an integral part of Singapore's culture. However, herbal tea, once considered an everyday drink, had lost its mojo over the last two decades and the new generation Singaporeans had started consuming other varieties of tea like 'bubble tea'. Amidst such a changing market, traditional tea makers like Jia Jia faced a dwindling clientele.

Brewed for three hours from the finest green tea leaves and a combination of 11 natural herbs, Jia Jia herbal tea came in four flavours–Original, Rose, Jasmine, and Lemon. There were sweetened (with less sugar and regular sugar options) and non-sweetened varieties of the herbal tea as well. Jia Jia had also launched a new product, Shiracha White Tea, with an attractive packaging to entice millennial consumers. The new product came in three flavours–Jasmine, Sakura, and Rose.

As at mid-2019, the existing consumer base of Jia Jia tea products numbered around 100,000 in Singapore, and the company's goal was to double it by the end of 2019. The products experienced peak sales during the Lunar New Year period, when consumers liked to gift herbal tea celebration packs to family and friends during the festive season. Sales were also typically higher during Singapore's National Day on August 9, and towards the end of the year, around Christmas.

Jia Jia wanted to launch a two- to three-week campaign to build its brand awareness, and reach the largest possible audience in that short timeframe. The target customer age group was the millennials. The company was looking to engage both macro- and micro-influencers, but its budget was on the medium- to low-end for a campaign of that scale.

Jia Jia wanted the marketing message for the campaign to be along the lines of "keeping the tradition of providing consumers healthy, authentic, all-natural brewed beverages while being conveniently available for all ages". The company had used traditional marketing strategies to promote both new and existing products, but these efforts proved to be disappointing. After observing how the purchasing patterns of millennials could be affected by influencers, it decided that influencer marketing was the best way to reach out to this younger target audience. In a way, influencer marketing was like word of mouth, albeit on a larger scale and over a digital platform.

Kobe's business model

Kobe was established by Leong and co-founder Cha Lin in 2016. The name 'Kobe' was a playful twist of the phrase 'kǒu bēi', 口碑 (translated as 'word of mouth') in Mandarin Chinese.

The firm's business model was based on revenue from clients (companies and agencies).[2] Clients paid an upfront fee to Kobe that was used to kickstart their influencer programme. The firm in turn guaranteed that it would hit predetermined KPIs for outreach and social media engagements, and ensured that clients received both qualitative and quantitative assurance of this. Fees for the campaign was outcome-driven (i.e., the additional amount clients paid was determined by how successful the campaign was in achieving specific goals and objectives), and advertisers were presented with influencers who were best aligned with their brand stories and objectives. Campaigns were charged based on a cost per engagement (CPE) pricing model. CPE was calculated based on the proportion of the total expenditure on the

Influencer marketing was like word of mouth, albeit on a larger scale and over a digital platform.

campaign to the number of times the content was interacted with (in the form of likes, shares, clicks, etc.).[3]

Campaigns were executed through a platform internal to Kobe. The platform comprised an AI-based engine that could understand social media feeds.

Leong and her team defined an influencer as "any voice that was able to influence through social media". There was a wide range of influencers available on the platform–some had a collective voice (a group) while others were considered individual 'sachets' (individuals).

The 10 percenters

Internet users typically followed a 1-9-90 Rule, which stated that 90 percent of Internet users simply consumed content without contributing; 9 percent edited, modified and amplified existing content; and only 1 percent created new, original content. This 1 percent were predominantly macro influencers, with a small proportion of celebrity influencers.

The influencers could be further categorised under different sub-sections based on their engagement capabilities in specific industries, such as beauty, travel, wellness, fitness, fashion, food, and electronics. There were also experts in niche categories that specialised in topics like eczema, hawker food, and children's events. Each influencer catered to a different type of content. For instance, fitness influencers at Kobe shared sports events, exercise tips and wellness products that they thought could be beneficial to their followers.

Tactics to ensure success

Understanding the Singaporean millennial consumer was a key step in the initial research for the campaign. Another consideration was to identify appropriate influencer tactics that could ensure hitting the target KPIs set for the campaign.

Leong and her team defined an influencer as "any voice that was able to influence through social media".

KEY CHARACTERISTICS OF THE VARIOUS INFLUENCER TYPES

Nano-Influencer	Micro-Influencer	Macro-Influencer	Celebrity Influencer
Between 500 and 5,000 followers	Between 5,000 and 20,000 followers	More than 20,000 followers	More than 10 million followers
Knows many of his or her followers personally	Tightly knit relationship with audience	High level of influence on topical areas	Moderate to extreme influence
High engagement rate	Higher engagement and conversion rate	Medium engagement and conversion rate	Lower engagement but higher reach
Generates seven to 10 percent engagement per post	Generates five to 25 percent engagement per post	Generates 0.5 to two percent engagement per post	Engagement varies and is unpredictable
Lowest commission	Low commission	Slightly higher commission	Very high commission
Examples: Passionate food photographer, homemaker, frequent traveller	Examples: Passionate foodie, work-at-home mum, popular student	Examples: Fashion blogger, yoga instructor	Examples: Movie star, popular singer, sports star

FIGURE 1

Source: Company data; The Business Times, "Why Nano-Influencers Might be the New Marketing Tool Your Business Needs", November 16, 2020; Influencer Marketing Hub, "12 Types of Influencers You Can Use to Improve Your Marketing", 2021.

As of July 2018, Singapore had a population of almost six million people, growing at a rate of 1.8 percent per year. About 74 percent of the inhabitants were Chinese, 13 percent were Malay and nine percent were Indian. The median age was about 35 years and millennials constituted 22 percent of the population. The Singapore millennial consumers were unique in many aspects. A majority were validators, who conducted their own research before a purchase but validated decisions with advisors.[4]

The millennials in Singapore were very active on social media; 80 percent owned smartphones and spent a significant part of their day accessing social media platforms like Facebook, WhatsApp, Instagram and YouTube.[5] About 38 percent of Singaporeans used Instagram daily and 87 percent of those users were millennials, ranking the country third among Instagram users worldwide.[6] Singaporean millennials were connected and highly informed shoppers who depended on peer influence and word of mouth for making purchase decisions, and were more likely to buy from brands whose campaigns promised spontaneous and unique experiences.[7]

Influencer tactics were jointly determined by Kobe and the client based on the product or service being marketed. To determine the influencer tactics for the Jia Jia campaign, Leong and her team did an extensive study to evaluate the best-fit tactics. They found that many beverage brands had used the influencer marketing strategy effectively in the past. For example, Coca-Cola had several successful influencer campaigns under its belt. To reach out to its Belgian consumers, Coca-Cola had collaborated with 12 Belgian Instagram influencers, of which 10 were micro-influencers.

Influencer tactics were jointly determined by Kobe and the client based on the product or service being marketed.

The campaign garnered over 46,000 likes and 500 comments with an average engagement rate of 9.1 percent over a few months. The perceived emotional connection and the authenticity of the posts by the followers were considered vital to the success of the campaign (refer to box story).

Although some tactics in influencer marketing could be generalised across programmes, there were tactics specific to the product genre as well. Bigelow Tea, an American company producing fine quality tea, for instance, launched a marketing campaign with influencers focusing on a healthy lifestyle. Some influencers it hired shared original recipes using the product while others posted do-it-yourself (DIY) gift bag tips, incorporating the product in the process.[10] The campaign generated more than 32,000 blog engagements with 44 million impressions. It boosted Bigelow Tea sales by 18.5 percent.[11]

Fit Tea, a detox tea brand, had celebrity influencer Kim Kardashian endorsing its product on her Twitter and Instagram posts. She posted a photo of herself consuming a cup of Fit Tea, which generated about 971,000 likes and 8,243 comments. Despite the engagement, the post also garnered significant social media backlash, as many followers felt that Kardashian was merely posing for the product, implying that she had probably never used it in reality.[12] Although celebrities could garner a lot of attention, most industry experts advised against using them for building brand awareness as it could dilute a product's perceived authenticity.[13]

COCA-COLA'S SOCIAL INFLUENCER CAMPAIGN IN BELGIUM

One of the influencers for the Coca-Cola Belgium campaign was Yannick Merckx, a travel blogger and vlogger with nearly 48,000 followers on Instagram. His posts included pictures of him taking a swig of Coke, or holding recycled Coke can objects, while donned in his Coca-Cola sweater.[8] In each post, the micro-influencer tried to incorporate the brand into his lively adventures abroad. He also added interesting notes from his travels on Coca-Cola's popularity in various countries. For example, in his anecdotal post of his travels in Mexico, he put up a picture of himself in front of a wall of a local cybercafé with a painted Coca-Cola advertisement. He wrote, "A local family even told us that they drink Coca-Cola during breakfast. I quote, 'The three-litre bottle is always on the table'". To make the post accessible to a wider audience, he added hashtags–#hetisdemereckxinmexico, #cokeambassador, #cocacola, #tastethefeeling.[9]

Execution is key

The campaign execution process at Kobe was relatively straightforward. The first step involved finding out the brand's needs and the marketing direction of the campaign. The next step was to design a campaign for the brand through storytelling, and identifying the right influencers through its proprietary AI-driven platform. The platform trawled through all the data points for each influencer anonymously and synthesised the information to create a ranking, pairing campaigns with the right influencer. A few key qualities that were sought after included an understanding of, and a genuine interest in the product, a willingness to participate in the campaign with full cooperation, and a significant following in the social media channels selected. Also, influencers would need to agree to the payment terms for the campaign. In addition, ensuring control over the costs of hiring influencers helped in predicting the outcome of the campaign more accurately.

After the right influencers were identified, they were briefed on various aspects of the campaign, such as the products, brand, and company values. Sometimes, factory tours were arranged for them as well. Additionally, the influencers were encouraged to try the various products/product versions prior to a campaign, so that they had sufficient understanding of what they were going to promote.

For all campaigns, Kobe worked closely with the client to ensure that posts were live at the most optimal date and time. A team of specialists at Kobe monitored social media response to influencer posts, generating weekly reports for the clients. At the end of the campaign, polls were conducted (for both clients and influencers), and overall campaign results were analysed. Clients were provided with an after-sales service, where Kobe would collate and share all the results.

CHOOSING THE RIGHT SOCIAL MEDIA PLATFORM

After identifying a few key influencer tactics like posting content related to a healthy lifestyle and pairing of herbal tea with local dishes, Leong and her project team brainstormed to identify the social media platform that would suit the requirements of the Jia Jia campaign. The team considered Facebook, Instagram, and YouTube before finally deciding to run the campaign on Instagram. This was because Instagram generated 58 times more engagement per follower for brands compared to Facebook.[14] Compared to other social media platforms, Instagram was also more visual.[15] In addition, the bite-sized stories and live videos on Instagram were great for users who lacked time to watch the longer videos on YouTube.[16]

CONTENT ANGLES

Seeing a shift in how younger consumers liked to be engaged, the team brainstormed several ideas. One was to provide a sporty angle to the campaign and promote Jia Jia as a preferred drink for fitness enthusiasts as it was great for hydration during or after workouts (some common post-workout drinks amongst the target consumers were isotonic drinks like 100 Plus and Pocari Sweat).

The influencer personalities also needed to gel with Jia Jia's new product packaging, which presented the drinks as fun, trendy, and cheerful to attract younger consumers. Fitness instructors and wellness coaches were a good fit as they could share their experience of the health benefits of Jia Jia as an alternative to post-workout drinks that were high in sugar content. Influencers who talked about local food were also shortlisted, as they could share how Jia Jia paired well with local Chinese food.

USING KEYWORDS TO PAIR INFLUENCERS

The Kobe team ensured that the influencers selected had followers in the millennial age range. The team also shortlisted candidates using keywords such as "cocktail makers", "bartenders", "local food lovers", "local delights", and "hawker food" to better align the persona portrayal of the influencers with Jia Jia's brand story.

Could Kobe change the game for Jia Jia?

Leong and Cha held further discussions with their internal marketing team to determine the additional strategies that could work for the Jia Jia campaign. There were several ideas that emerged. One was to negotiate the budget for the campaign such that they could hire a few celebrity influencers. This was because local sports stars and actors enjoyed a large following and were typically well respected amongst the millennials. Another was to extend the brand campaign across Singapore's borders to neighbouring Malaysia, where the volume of consumers was several times higher. They could also introduce a discount coupon or a one-for-one sales campaign simultaneously with the influencer campaign.

Including more hashtags in the influencer posts was another idea that could potentially target more consumers per post. However, the number of hashtags included needed to be carefully determined in order to avoid incorrect consumer reach. Determining the right KPIs and helping to create the right content would be key to the campaign as well.

Could Leong make Jia Jia the Coke of Singapore? This depended on not only the content strategy and influencer tactics used for the campaign, but also the campaign budget and the viral effect that the campaign could generate. There was however one thing Leong knew for sure–any business could benefit from scaling its 'kǒu bēi', and influencers could help do just that.

> The Kobe team ensured that the influencers selected had followers in the millennial age range.

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Endnotes

1 Bubble tea was a cold drink made with tea, sweetened milk or other flavourings, and balls or 'pearls' made of tapioca.
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STEWARD LEADERSHIP

A win-win-win model for the post-pandemic business landscape.

By Rajeev Peshawaria and Yancy Toh

> *There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.*
>
> *– Milton Friedman*[1]

Five decades after its publication, Friedman's doctrine about the purpose of business remains a subject of vigorous debate. Those defending him point to the fact that owing to capitalism, the proportion of people living in extreme poverty has dropped from 42 percent of the global population to under 10 percent today. On the other hand, those opposing his ideas cite the deepening income inequality, rising unemployment, and the inability of lowly-paid frontline workers to work remotely amidst the Covid-19 pandemic as some of the evidence suggesting the failure of shareholder capitalism.[2]

While opinion about shareholder capitalism remains deeply divided, there is no denying the increasing calls to reject it in favour of a more balanced stakeholder approach. In fact, in 2019, the US Business Roundtable abandoned its long-held position about the primary purpose of the corporation, which stated that "the paramount duty of management and of boards of directors is to the corporation's stockholders". Instead, 181 CEOs adopted a new one that commits to delivering value to a wider array of stakeholders, including customers, employees, suppliers, and communities, in addition to shareholders. Elsewhere in the world, including Asia, more CEOs and boards of directors are hard at work transforming their companies into 'purpose-driven' organisations.

In the rest of this article, we offer our views on three questions:

1. What is driving this change of stance?
2. Which is the relevant model: shareholder or stakeholder capitalism?
3. What would it take for organisations to enjoy enduring success in today's transparent world?

Drivers of change

Adding to the list of usual suspects like rising income inequality, uneven economic growth, climate change, pollution, rising global population, and depleting natural resources, there is another powerful force at play in driving change: ordinary customers and consumers. Thanks to technology, they are empowered with easily accessible information and the ability to have their voices heard. In the pre-Internet days, businesses could get away with bad behaviour and hide information from the markets—today, it is nearly impossible for businesses and their leaders to do so. Boeing, Cambridge Analytica, Volkswagen, and Wells Fargo are just some recent examples of companies where unethical behaviours were exposed in record time.

As long as alternatives are available, today's customers will not buy from companies that do not stand for the right values and purposes. Over the last five years, we have presented a hypothetical question during our seminars and programmes, where we asked participants to decide between buying two competing products that were similar in every way except the ethical reputation of the companies making them, and whether they would be willing to pay a small premium for the product made by the company with a superior ethical reputation (refer to Figure 1). From the hundreds of sessions we have conducted so far, we have yet to meet someone who would buy from the company with an inferior reputation simply because its product was cheaper. This sentiment is also supported by research. An IPSOS MORI opinion poll concluded that consumers are willing to pay up to five percent more for ethically-produced fashion apparel.[3] In another study, 34 percent of Generation Z (aged between 16 and 24 years) consumers in the U.K. are willing to pay 20 percent or more for ethically-manufactured products.[4] This new breed of consumers is the major driver of change.

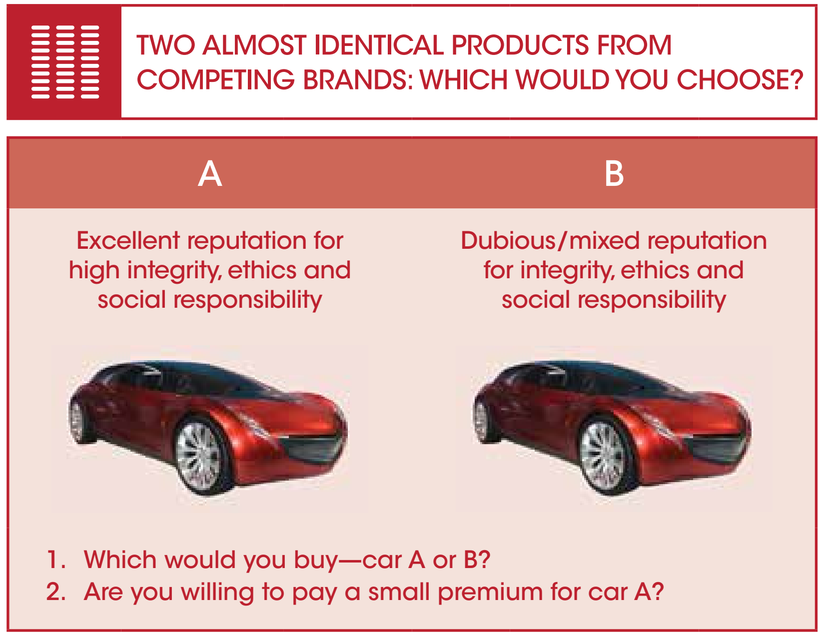


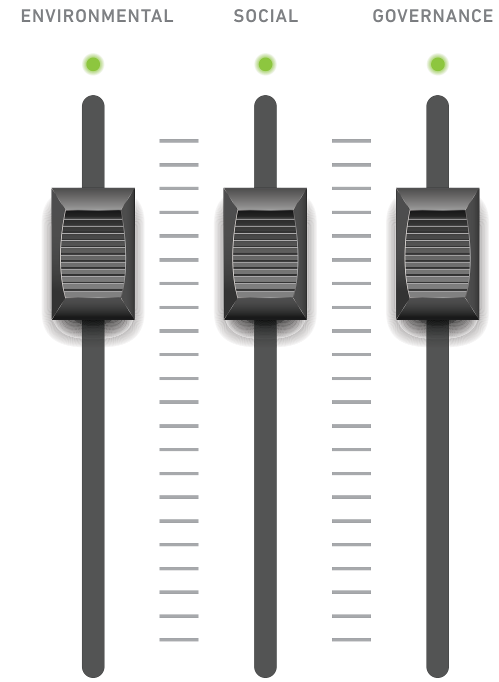
FIGURE 1 *Source: Stewardship Asia Centre*

Which model is relevant—shareholder or stakeholder capitalism?

Coming back to the debate, what is the relevant model in today's context? Was Friedman completely wrong? Is there a conflict between shareholder and stakeholder needs?

Friedman argued that corporate executives' foremost duty was to maximise profits for shareholders, "so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud". However, both the written and unwritten 'rules of the game' have changed in recent years. In the past, it was enough to compete without deception or fraud. Today, consumers and customers not only expect more, they are also able to find out easily what companies actually do and what they stand for. The days of focusing exclusively on maximising shareholder profits at any cost are over. It is in companies' own interest to build their environmental, social, and (corporate) governance (ESG) reputation. In fact, as consumer expectations of greater transparency increase further, the only way to sustain long-term value for shareholders might be to take care of other stakeholders as well. As such, we do not see any conflict between shareholder and stakeholder needs. They are actually interdependent, and we believe this is what Friedman meant as well.

To remain viable and profitable over time, companies will need to shift their focus from 'value' to 'values', and their objective from achieving 'pure profit' to earning 'profit based on a higher purpose'. In the next section, we describe these two shifts in greater detail.



Companies will need to shift their focus from 'value' to 'values', and their objective from achieving 'pure profit' to earning 'profit based on a higher purpose'.

Building an enduring organisation: A stewardship approach

How should companies not only remain viable, but also transform to succeed in today's age vis-à-vis the growing call for greater transparency and empowerment of ordinary people? We believe the answer lies in adopting a stewardship approach to business leadership and governance—an approach that is built around the two shifts.

Stewardship is the mindset and practice of sustaining long-term value creation *by* balancing the needs of all stakeholders, society, future generations, and the environment.

The keyword in our definition of stewardship is 'by'. Under this approach, stakeholder needs do not compete or conflict with shareholder needs; rather, the former is a means to achieve the latter. The 21st century business leadership challenge therefore is to *do well by doing good*. This is where the two shifts come in.

Enabling stewardship in organisations

Building an organisation based on the stewardship approach involves defining and activating the organisation's *Stewardship Core Compass©*—a process that starts with values (refer to Figure 2):

- Integrate the four stewardship values, which will be discussed below, with the organisation's existing values.
- Based on these values, articulate the organisation's stewardship purpose—the better future the organisation aims to create for a wide range of stakeholders, including shareholders, and society at large.
- Ensure that everything the organisation does in both calm and turbulent times is aligned to and governed by the Core Compass.

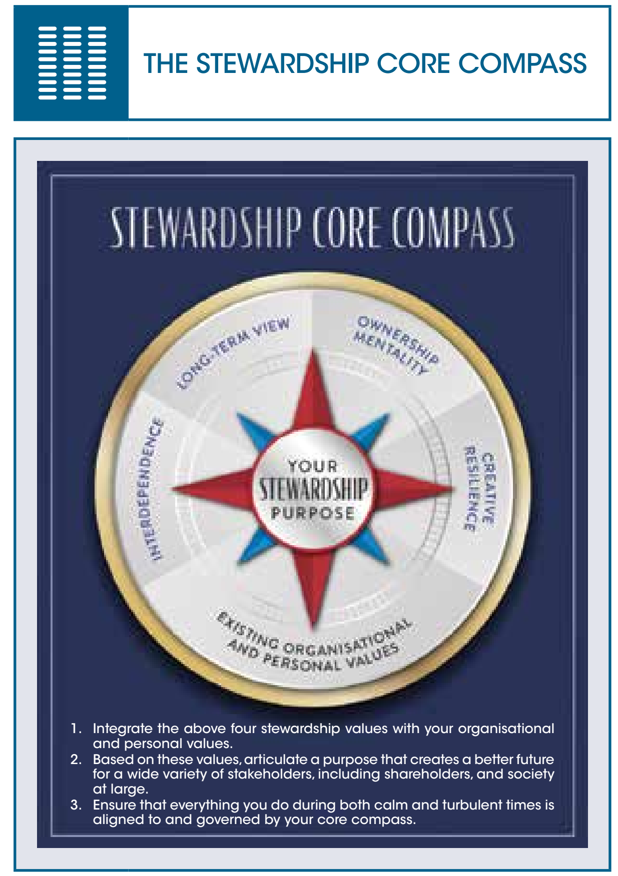


FIGURE 2 *Source: Stewardship Asia Centre*

STEWARDSHIP VALUES

Well-stewarded organisations are led by *Steward Leaders* who prioritise values over value. This is not to say that profitability and shareholder returns are not important to them.

In fact, they believe that value will be more sustainable over the long-term if the right values are deeply embedded in the company's culture. Steward leaders believe in four core stewardship values: interdependence, a long-term view, ownership mentality, and creative resilience.

Interdependence

A strong belief in the idea of interdependence forms the foundation of stewardship. This emphasis on interdependence is evident in the Eastern culture of collectivism, but given today's daunting existential challenges, we probably need it to be far more prevalent. Steward leaders understand this, and see the world as an integrated and interconnected web where the success of each constituent is coupled with that of other constituents.[5] Looking beyond a zero-sum game, they develop a win-win-win mentality wherein employees, shareholders, and society can thrive together.

A case in point is the Ayala Group, the oldest conglomerate in the Philippines. Since its inception in 1834, the family business has contributed significantly to nation-building, cementing its social commitment to respond to the country's changing needs over time. It aims to be relevant to the community by upholding the philosophy of inclusiveness, especially in providing critical goods and services at affordable prices for the masses. As the seventh-generation leader Jaime Augusto Zobel de Ayala says, "The capitalist model is vitally important to all of us, and to the world we live in, but it has to adjust to having a greater responsibility for the way the world works. Today, there has been a lot of discussion about the longevity and engagement with society in different ways...the big insight I got was the need for our institution to be far more inclusive than it was."[6]

In fact, back in the 1960s, the founders of Ayala Foundation—the philanthropic and development arm of the listed company—were already committed to this higher cause. This dedication to improving people's quality of life remains evident in current times. We saw that as the current pandemic unfolded, Ayala steadfastly stepped up its efforts in disaster relief work and provided timely assistance to the wider community.[7]

Such a consistent and persistent focus on creating shared growth, understanding mutual needs, and building reciprocal relationships with stakeholders is what interdependence is about. It is not about winning alone but uplifting the country, communities, organisations, and individuals to create a better shared future collectively. No doubt winning together is harder work, but the best leaders accept the challenge.

Long-term view

Steward leaders are long-term thinkers. They willingly forego short-term gains for enduring returns. By focusing on causes such as environmental sustainability, they also build organisations that make the world a better place for current and future generations.

An exemplar is Vitasoy International Holdings Limited, a leading manufacturer and distributor of plant-based food and beverages based in Hong Kong founded by Dr Lo Kwee-seong in 1940. The company's mission was to fight malnutrition among Hong Kong's growing and largely lactose-intolerant immigrant population amid difficult times of soaring commodity prices. Since then, the company has remained committed to providing affordable and healthy plant-based products without causing damage to the environment. Encapsulated in its sustainability framework is the central idea of 'making the right products and making products the right way'. In 2019, the company introduced its Group Climate Change Policy, which underscored its resolve to institutionalise risk mitigation and adaptation measures to make its value chain more resilient. Significant infrastructure projects were recently completed to support its future growth plans. Additionally, the company has a forward-looking governance structure, where its board-level ESG Committee provides guidance on sustainability goals, strategies, and priorities.[8]

Clearly, steward leaders are guided by an enduring vision. They are also mindful of the needs of future generations, and do what they can to minimise environmental harm. These multi-pronged approaches allow Vitasoy to continue to harness resources sustainably. In 2020, the company made it to Corporate Knight's top 100 global list of sustainable companies in the world. Given its conviction to be a role model for sustainability strategy, senior leaders at Vitasoy are cognisant that "the era of just becoming bigger is over" and advocate that companies have a long-term vision of why they exist.[9]

Ownership mentality

Steward leaders imagine an inclusive better future and take it upon themselves to create it. Driven by the mantra "If it's to be, it's up to me", they take responsibility and make things happen. In business, this means thinking and acting like an owner, even if one is a manager or an employee.[10]

Netflix exemplifies this mentality. Acting against the grain, the media-streaming titan adopts a no-rule policy, empowering, and trusting employees to make decisions. Only broad parameters such as "Use good judgement" and "Act in Netflix's best interests" are used. As the company demonstrates, when employees are given freedom and autonomy, it can fuel in them a strong sense of ownership. Reed Hastings, the co-founder of Netflix, writes: "For our employees, transparency has become the biggest symbol of how much we trust them to act responsibly. The trust we demonstrate in them in turn generates feelings of ownership, commitment, and responsibility."[11] Employees in Netflix are well-supported during this empowerment process. The winning formula is to exercise transparency by providing them with accessibility to information. The key, according to Netflix, is to give context, not control. By understanding contexts and matchmaking volition, rather than merely expertise and skills, the 24-year-old company has gained a leg up in employee engagement.

In sum, steward leaders work to connect the heart and mind, as well as create conditions for the ownership mentality to proliferate.

> Steward leaders willingly forego short-term gains for enduring returns.

Creative resilience

Unlike a traditional business that seeks to single-mindedly drive shareholder profits, the stewardship approach requires addressing the needs of a much wider variety of stakeholders. As such, doing business using the stewardship approach is full of obstacles. Steward leaders, however, are unafraid of this tougher road. They accept the challenge of driving profitable growth while upholding the spirit of stewardship, and strive to innovate as much as possible. They understand that they will face difficulties and failures, but their strong ambition to contribute something useful to the world through their business keeps them resilient. Creative resilience is therefore about deeply embedding reflection, learning, and renewal into their organisation's culture.

Singapore-based DBS Bank epitomises these qualities. To combat obsolescence in an industry facing tectonic shifts, DBS embarked on its journey of digital transformation a decade ago. Departing from the piecemeal approach, the bank went through deep radical shifts to ensure it became digital to the core to best serve its customers. CEO Piyush Gupta cautions that it is not enough to just apply digital 'lipstick' if one desires real change, saying, "If you want to make change real, and if you really want to make change cohesive, then you have to attack the core."[12] Indeed, the bank has instituted systemic changes, which includes building a culture that embraces technology, encourages innovative experimentations, and cultivates capacity for the profound shift. Institutional support, especially in terms of learning, was given to reskill and upskill all employees to bolster their digital proficiency. By consistently reimagining the bank as a start-up and emphasising the cultural value of innovation, it managed to address the challenges of reform.

In 2019, DBS scored a historic first by holding three global best bank titles concurrently from *Euromoney*, *Global Finance*, and *The Banker*, an unrivalled feat made possible by its pursuit to thrive in spite of disruption. Adding to its string of accolades, the bank was again named the top bank in 2020 according to *Global Finance* for its resilience during the pandemic in meeting the tremendous demand for digital banking services.[13]

STEWARDSHIP PURPOSE

Once the four stewardship values are integrated with an organisation's existing values, the next step in formulating the Core Compass is to articulate a purpose based on the full set of values. Making the organisation purpose-driven has become a fad these days. Consulting firms have set up lucrative 'purpose practices' to help organisations become purpose-driven. This raises a couple of questions. First, what does management mean when they say they want to transform their company into a purpose-driven organisation? Did the organisation not have a purpose all along? Every organisation has a purpose; the point is, purpose must stem from an organisation's stated values, rather than be developed in isolation. Second, what makes a good organisational purpose in the context of today's changing marketplace? Saying we want to become purpose-driven is not enough. What organisations really need is a *stewardship* purpose, not just any purpose.

Simply put, based on stewardship values, a stewardship purpose aims to build a better future for a wide array of stakeholders, not just the shareholders. To achieve a larger stewardship purpose, steward leaders sometimes are willing to forego some profit in the short term, though that need not always be the case. Based on their belief in interdependence, they optimise rather than maximise profit. A stewardship purpose clearly articulates two key points: What useful product or service do we provide to the world? (Meaningful Contribution), and Why do we do it? (Emotional Connection).

ACTIVATING THE STEWARDSHIP CORE COMPASS

The first two steps are foundational while the final third step–activating and applying the Core Compass–needs to be ongoing.

One CEO we worked with had his company's values and purpose posted in every meeting room and across hallways all over the premises. Each time an important decision was discussed in a meeting, he would point to the wall and ask: "How does this situation fit in with our overall purpose? How important is it that we get it right? If we act according to our stated values, how would we decide?" This was his way of ensuring that the company never wavered from the values and purpose enshrined in its Stewardship Core Compass. Additionally, he always walked the talk. Over time, it became clear to everyone that anything that was not aligned to the company's stated values and purpose would not succeed.

The CEO did not stop there. He demanded that his head of human resources design recruiting, performance management, and reward systems to fully align to these values and purpose, and be governed by them. Once these were established, the company made every effort to recruit people who believed in its shared values and purpose. Furthermore, the annual goal-setting process ensured that group and individual key performance indicators were in line with its values and purpose, and performance was measured and rewarded accordingly. This company was also not shy to terminate staff who neither embraced the values in practice nor believed in its purpose.

Hence, simply developing a Stewardship Core Compass and printing colourful posters will not do the job. Steward leaders must make the Compass a way of life within their organisations. This is hard work, but in today's transparent world, it is perhaps the only way to safeguard long-term success, and endure crises like the Covid-19 pandemic.

Conclusion

The vignettes we have shared suggest that there is little or no conflict between meeting shareholder needs as articulated by Friedman and those of stakeholders. Even in an immensely difficult macroeconomic environment, Ayala's performance bounced back during the third quarter of 2020 after an initial slump in earnings.[14] Netflix grew from strength to strength with its stock price rising 40 percent.[15] Vitasoy continues to solidify its market position.[16] At DBS, profits rose a respectable 12 percent to a record of US$3.5 billion from the previous year.[17] Given that stewardship is in the DNA of these companies, their solid performance during this ongoing crisis gives us hope, courage, and cautious optimism that we can build profitable and purposeful businesses for an inclusive and sustainable economy.

Voluminous research has already emerged to support the proposition that stakeholder capitalism does pay off. For example, the value of investments that take a company's ESG performance into consideration (also known as 'ESG investing') grew beyond US$30 trillion in 2018, and might reach US$50 trillion over the next two decades.[18] In his annual letter to CEOs, BlackRock CEO Larry Fink shared that 81 percent of ESG strategies outperformed regular indices in 2020. In fact, their stellar performance was even more pronounced during the first quarter of the Covid-19 downturn.[19]

From the mounting evidence and a growing pool of ethics-conscious customers acting as checks and balances for the market, we have strong reason to believe that companies adopting the stewardship approach will do well, do good, and do right. This will create the much-needed win-win-win scenario where individuals, organisations, and humanity can thrive together in the long run.

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GO UEBER

START WITH IDEALS

Elevate your brand's prestige–even during crises.

By JP Kuehlwein and Wolf Schaefer

The Great Recession of 2008 was a time of foreclosures, insolvencies, and investment catastrophes across the globe. Companies were going bankrupt. People were losing their jobs, savings, and homes. Consumerism was at its lowest levels, and even large well-known brands were struggling to stay afloat. With the largest financial crisis of the 19th century at hand, this was hardly surprising.

However, there was concurrently a significant anomaly in play. In a counter-intuitive manner, cheaper mass-market brands were losing out to premium brands, often even considered niche players heretofore. And this trend has been sustained until today, even during the current Covid-19 pandemic. Many categories have been 'upgraded' in the meantime and a lot of brands that were barely known 10 years ago, if at all, have since upstaged the traditional category leaders or created new categories altogether.

These new prestige players, which secure a price premium and a disproportionate share of voice and mind without spending accordingly, are what we call 'Ueber-Brands'. Why and how do they continue to grow, even during a crisis?

Becoming an Ueber-Brand

Brands become 'Ueber' when they create meaning beyond the purely material and logical aspects. They do not merely represent a commercial proposition, but an aspirational value that consumers want to buy into. They lead their categories and their fans into the future, based on clear convictions and ideals.

But they also play a larger role within the company. They are no longer seen as mere marketing instruments to attract consumers. They are embraced as a guiding force for the entire enterprise to inspire and engage all stakeholders inside and outside.

There are two big drivers that have propelled the emergence of these modern prestige brands: technology and people.

The digital revolution has brought transparency and accessibility. Transparency forces brands and companies to practise what they preach. Accessibility empowers and commands direct brand-consumer interaction. Together they have made it impossible for the brand to have a purely external 'image' or 'label'. The desired brand image must be embraced and lived.

People are the other big driver of brands going Ueber. We want to shop ourselves a better world. We've all been over-marketed to. The 'hidden persuaders' are quite obvious to pretty much everyone by now. And we have also gotten generally more critical of crude commercialism, expecting more reflection and responsibility, while of course still running for the sale.

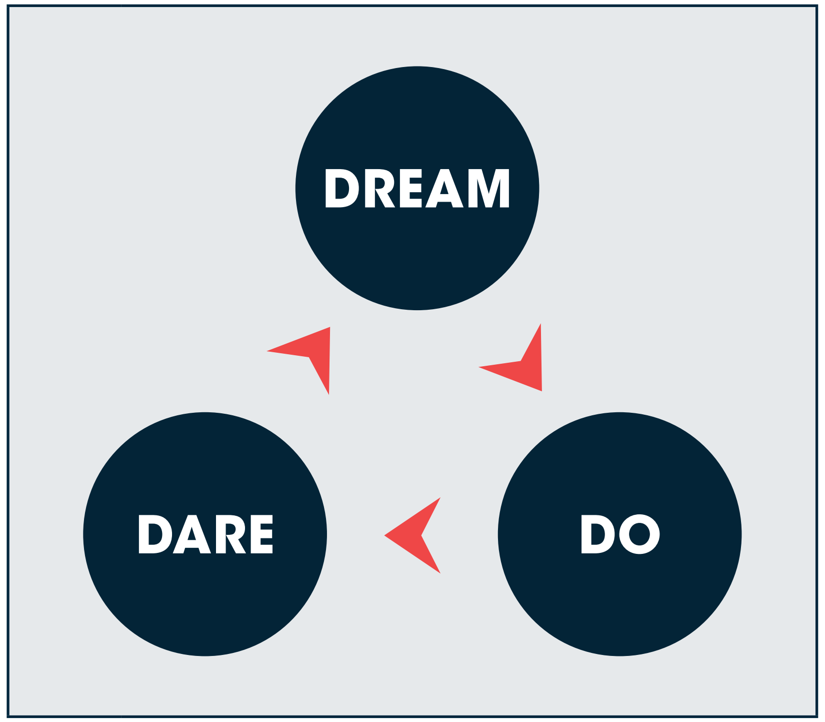
But how do these modern Ueber-Brands answer to this? How do they elevate themselves to appear above and beyond their competition: peerless and priceless?

> The two big drivers that have propelled the emergence of these modern prestige brands: technology and people.

Brand elevation

We have identified and laid out several steps, organised in three core phases, in our book *Brand Elevation: Lessons in Ueber-Branding*. These core phases are: 1) *Dream*, 2) *Do*, and 3) *Dare*.

BRAND DNA



1. DREAM—HAVE A MISSION AND ELEVATE BRAND STORY TO MYTH

In a world where there is too much of everything–including irresponsible sourcing, production and waste, and the damage these cause to our environment–people are shifting from quantity to quality. They want to gain meaningful experiences, rather than simply own things for their utility value.

How can brands deliver on this? Think Patagonia, a brand that successfully sells premium-priced outdoor clothing. Its customers are not only buying fleece sweaters that might be of somewhat better quality, they are also buying *into* a philosophy of preserving the environment and doing their best to address climate concerns, which is priceless.

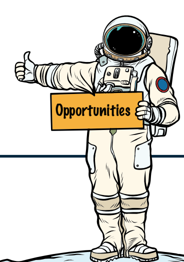
Does that mean all Ueber-Brands need to have a socio-ecological mission and embrace higher order values? No, they can just as well focus on reimagining or upgrading the category they belong to, and its approach or experiences. Let us consider the case of Airbnb, a vacation accommodation rental online marketplace platform. You could describe the company as connecting travellers who seek affordable rooms (cheaper than a hotel) with homeowners who want to make some extra money. But the brand has elevated its value proposition by embodying the mission 'we believe in a world where people belong anywhere'. A stay at an Airbnb home promises travellers a sense of belonging to the place they are visiting, in contrast to the sterile hotel environment that might as well be anywhere in the world. Airbnb's mission makes buying into the brand much more meaningful and aspirational–far beyond its utilitarian value.

How can brands achieve such elevation from the mundane? Among others, we recommend the following two key strategies.

Start with yourself

This is nothing less than turning the traditional brand strategy model on its head or feet. A company must not start with market research when developing its brand; it should start with its ideas and ideals. Of course, the customer and business realities still matter. But they come into play once the firm is clear about its value proposition–what it wants to dedicate its brand to and why. It should then use these insights to validate and adjust its concept, find the right target, and ensure profitability.

> If you start by looking outside for consumer needs and market gaps, you'll never be anything but opportunistic. You'll be running after opportunities rather than leading with a sense of mission. You'll be defined by what is, rather than inspiring what could be.



Just associating emotions with your products and services, your brand and its relations, is not enough. You need to lift people and connect them with what they want to be, and what they could be. Thus, not just any story for your brand will do; you need one with mythical qualities.

Elevate the tangible by reaching for the intangible

"The mystery and the protocol–it's not there to keep us apart. It's there to keep us alive," says Queen Elizabeth II as played by Olivia Colman in the 2020 Netflix blockbuster series *The Crown*. The same holds true for building Ueber-Brands. They need proper context and entourage to elevate themselves. But above all, they need mystery and myth. To transcend the everyday, a brand must rise to a higher level.

Just associating emotions with your products and services, your brand and its relations, is not enough. You need to lift people and connect them with what they want to be, and what they could be. Thus, not just any story for your brand will do; you need one with mythical qualities.

Myths aren't just 'false stories' as the word is often used colloquially. They talk about our "collective dreams" as stated by author and professor Joseph Campbell, who worked in comparative mythology and comparative religion. They not only hold us together as societies, they also connect groups and inspire movement. Just look at Tesla for example. It is much more than a story of technological advancement. It is also the myth of Elon Musk, a maverick breaking the boundaries of the world as we know it, inspiring us to think that we can go higher and further than we have ever thought possible. And this is what makes Tesla such a strong Ueber-Brand.

2. DO—MAKE YOUR PROMISE AND DREAM COME TRUE—FROM THE INSIDE AND OUT

The second and probably hardest phase in building a Ueber-Brand is 'Doing', and it will never stop. It is the rule for living the brand mission and myth in all that a company does, from sourcing to sharing. In today's digital world, any discrepancy between a brand's mission and action is immediately spotted and criticised. Failure to live up to the declared brand mission–be it material or beyond–is the biggest threat. It is therefore better to be humble and overdeliver, than to disappoint and be 'found out' as inauthentic, or worse.

Ueber-Brands and their myths must be built inside out. Product, process, organisation, and culture are all key to sustainable and successful engagement with their targets. One of the biggest advantages of the digital revolution is that brands have so many more (and often more economic and effective) opportunities to engage with people directly.

The days of a brand as a mere marketing mirage are over in this experience-led economy. People are sick and tired of dull, self-congratulatory brand promotions interrupting their lives, even if they're just watching some tacky 'unboxing' on YouTube. They want brands to add value right when and where these brands pop up, not just promise it.

Consider the example of Yuan Soap, a Taiwanese company. Founded in 2005, Yuan uses indigenous herbs and plants, along with an Oriental philosophy of promoting good health, to offer naturally made cleaning and skincare products with medicinal properties. Consumers at a Yuan store first go through a traditional tea ceremony to relax and feel calm. Then they are consulted by a staff member who walks them through their symptoms, introduces herbs that would be helpful, and prescribes a range of suitable personal care products, just like a traditional Chinese physician. At the end, the satisfied consumer walks out with a bag of premium-priced household goods.

Everything about Yuan reinforces its natural and traditional image: its fields for growing herbs, its 18-step process to make the handmade soaps, the rustic and pure

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look of its natural products, the open and simple interiors of its stores, as well as its solicitous in-store consultations and tea ceremonies. Moreover, Yuan grows all its herbs in the mountains of Taiwan and makes all its products on the island. All these elements contribute to the consumer experience and come together to create a meaningful premium brand that represents the ideals of caring for both human beings and the environment.

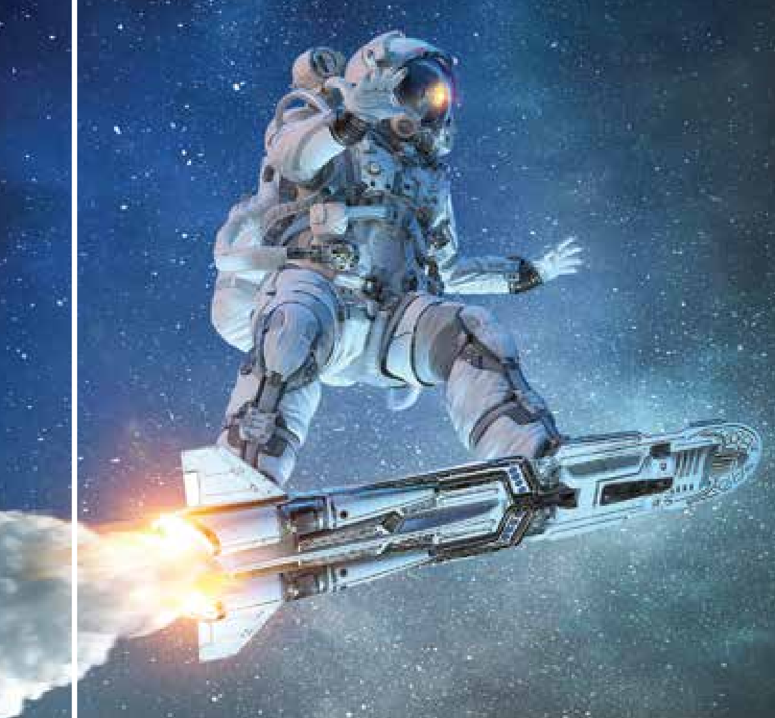
Another example that comes to mind is of a humble 200-year-old American brand, King Arthur, which sells flour, a commodity product like sugar or salt that typically costs little to buy in large quantities. But King Arthur Baking Company is able to maintain a premium. In complete contrast to America's fast-food and delivery culture, it focuses on bringing people back to doing things with their hands by teaching them to make their own dough, bread, biscuits, and cakes. On its website, it provides wide-ranging recipes and cooking videos, and through its helpline, it offers the assistance of its professional bakers to help customers overcome any baking challenges. It also has a baking school and a coffee shop. Co-owned by workers, the company has three CEOs who have been around for more than 20 years, and are fully committed to propagating health and education through the brand.

3. DARE—FIND YOUR MUSE AND APOSTLES, THE UEBER-TARGET AND LET THEM IGNITE ALL YOUR TARGETS

'Daring' is about taking your Dream and all you Do out into the world, engaging all your targets again and again. It's about brands creating compelling provocations through brazen activation strategies. It's about making Ueber-Brands interesting and inspiring their followers, befitting their distinct lifestyles and choices. And for those standing on the outside, it builds aspirations, and nurtures a sense of intrigue and longing for the brand, such that people wonder about the exciting things that would be in store for those who are 'in'.

The most important element for creating this provocation is the brand's muse–its Ueber-Target. For example, how would you describe the Harley Davidson biker? Ninety-nine percent of responses to this question, across age groups and geographies, describe this fantasy person as an outlaw, a hell's angel who is loud and lavishly tattooed–as often depicted by the company in its campaigns. However, if you look at the profile of actual Harley customers, the majority are middle-aged working professionals who love being outlaws for just a weekend or a ride. After that, they wash off their tattoos, and it is over till the next time they head out on the bike; this is all a dream that is being played out over and over again.

BRAND ELEVATION DURING THE COVID-19 CRISIS



As we saw in 2008, Ueber-Brands can come out of a crisis stronger. But can they leverage it to further enhance their meaning? A crisis can lead to two interesting developments. First, crises like the Covid-19 pandemic can accelerate the pace of future developments and push brands right into the thick of things. Second, good brands can harness the socio-cultural forces that come to the fore in such situations, provided these forces fit into the brands' DNA and elevate the brands to a stronger position.

Use crisis as an opportunity to make your brand stronger, and at the minimum, avoid a situation where the crisis may dilute your brand.

Reinforcing the dream during crises

Many companies do not reflect on their dream or mission during a crisis, and instead attempt to connect with the consumers with superficial claims of empathy, usually via digital marketing platforms. These tactics often backfire as consumers are quick to see through such claims. Rather, brands must act differently to create and maintain their meaningfulness. For example, during the Covid-19 pandemic, Moët Hennessy Louis Vuitton (LVMH) was one of the first brands to deploy its resources used in making high-end fragrances to produce hand sanitisers, a utilitarian product. This sent out a strong message about the luxury brand's true empathy and support during the crisis.

In addition, it is important for a brand to continue to follow a DNA-guided approach in translating and expressing its position during a crisis. For instance, due to the lockdowns across the world, Louis Vuitton's (LV) narrative of 'life's journeys as epic occasions' was fast losing its relevance and meaning. To counter this, LV doubled down on reinforcing the concept of meaningful journeys through its new electronic campaign using comic characters. The campaign featured a global canvas with LV symbols and the characters were portrayed travelling around the world during a fantasy-filled voyage. It was intermixed with actual runway shows to create a beautiful fantasy-cum-reality trip experience.

Airbnb also did something similar. To continue to keep its host and guest communities engaged during the pandemic, Airbnb introduced 'online experiences', which were unique activities on its platform led by hosts from around the world. These included 'Zoom around Paris with a Parisian' by a French host, 'Make Mexican Street Tacos' with a Mexico-based host and 'Meet the Woolly Sheep & Lambs on My Farm' by a New Zealand host. These virtual activities became very popular, and they have now become a standing offer from the brand.

Ben & Jerry's too highlighted their *doing* by educating people about the pandemic and how it has been particularly harsh for the coloured population. CEO Mathew McCarthy openly called out the systemic racism in the U.S., and pointed out how racism and Covid-19 together have been catastrophic for the marginalised. The brand has also taken a stand against mass incarcerations, pointing out that Covid-19 is rampant among the inmates in crowded prisons, and that the majority of inmates are Black Americans. Having translated its mission unequivocally into strong actions, Ben & Jerry's has successfully endeared itself to its Ueber-Target. In fact, the ice-cream brand's limited editions of variants such as 'Justice – Remix'd' sold out in no time, even when there was no crisis.

Flour manufacturer King Arthur, in response to Covid-19 restrictions, has launched 'the isolation baking show' for people who have no idea about baking, teaching them the fun way to bake in their own kitchens. The company also posts varied recipes, including those that need less flour as flour became scarce during the lockdowns.

Use crisis as an opportunity to make your brand stronger, and at the minimum, avoid a situation where the crisis may dilute your brand.

These initiatives have helped the brand to portray itself as 'a friend who helps you out when you are in need', which gave a huge boost to the company's business. In March 2020, King Arthur's flour sales increased by 2,000 percent, and its baking school has already been booked out for 2021, even though in-person classes may not start any time soon.

And yes, even mass-market brands that have become run-down over the years can seize the crisis as an opportunity to re-energise themselves. For example, with schools shut down during the lockdowns, children from poor families in the U.K. and the U.S. no longer had access to free meals provided by their school cafeterias. Heinz beans, a brand under a dull product category like canned foods, used the moment to highlight the importance of comfort food, and stepped up by distributing millions of free meals to these children outside of schools.

However, the thing to watch out for is whether such an initiative would last beyond the crisis, or be a typical mass market campaign that would be abandoned soon after. Would the brand be smart enough to integrate this into its mission and elevate itself into something more meaningful?

What Ueber-Brands have done is to create tension among their audiences based on the psychological concept of real versus ideal self.

By portraying people's ideal or fantasy selves, these brands create desire and a positive bias. Look at Rapha, a premium sportswear and lifestyle company, which offers the world's finest cycling clothing for sophisticated bikers. Its target audience is attracted by the possibility of becoming members of its exclusive club comprising passionate and active cyclists across the globe. By celebrating this Ueber-Target, the brand creates a positive vibe among its wider strategic target group who feel that when they put on a Rapha apparel, they come a little closer to what they aspire to, even though it costs a lot.

Daring to dare

But beware. Daring is not about just hiring a bunch of influencers to talk about how great a brand is for some cold hard cash. Rather, daring requires the ability to identify and create a truly exciting relationship with a brand's Ueber-Target so that they become its strongest advocates authentically, with little or no bribing involved.

Consider how Airbnb was able to harness its Ueber-Target, the super-engaged host community, by collaborating with them to come up with its varied initiatives. Besides the online experiences, it launched 'Frontline Stays', which are complimentary for healthcare and frontline workers who need to isolate themselves from their families or live closer to their place of work. Airbnb's commitment to house 100,000 medical staff and nurses hit headlines in leading newspapers in the United States. It also introduced 'Monthly Stays', which are stays of a month or longer to help people stuck in different parts of the world due to travel restrictions. In addition, the brand created a higher level of engagement and support for its host community by introducing enhanced features like meet-ups, host voice, and host-sharing clubs, as well as social groups on third party social media platforms like Facebook.

Brand elevation no longer optional but a commitment

A brand's DNA is not just the desired identity it plans to adorn its products with; rather, it concerns what the entire organisation is really about–across its functional areas, business divisions, processes, and markets. More importantly, it is about being consistent over the long term. If the strategy to elevate the brand is simply a public relations exercise or an advertising campaign, it will be forgotten as soon as the creative gets old or the brand manager changes. Then it is nothing but opportunism. And such short-term tactical moves always flop, crisis or no crisis.

People will associate meaning–positive or negative–with a brand, whether it wants to or not. Hence it is better to be aware of this and seek to stand for things people value or even admire. Brands today are first and foremost change agents, and their job is not to make overblown promises their products cannot keep. They must give people genuine hope for a slightly brighter, better tomorrow. They must help these people to become who they want to be and live how they want to live. And the best approach for a brand to do this is to Dream, Do, and Dare.

> Brands today are first and foremost change agents; they must give people genuine hope for a slightly brighter, better tomorrow.

This article is based on the authors' latest book "Brand Elevation: Lessons in Ueber-Branding", Kogan Page, 2020.

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Helping Organisations Excel, One Breath at a Time

A meditation toolkit for business leaders.

By Theodore C. Masters-Waage, Eva K. Peters and Jochen Reb

Interest in meditation has risen dramatically in recent years, as these practices move beyond ancient monasteries to take root in big cities as well. Hundreds of scientific research studies have provided support for a broad range of pragmatic benefits arising from these practices, such as lowering stress and anxiety, improving emotion regulation capabilities, and developing more harmonious interpersonal relationships. From our research conducted in Singapore and worldwide, we have also witnessed the benefits of meditation in improving negotiation outcomes, leadership skills, work engagement, coping with all-too-frequent interruptions, and ethical decision-making. As a result, many organisations, not only those in Silicon Valley, but also others in traditional industries across many countries, now offer some form of meditation programme to their employees. Given the importance of mental health and well-being, this trend has accelerated as a result of the Covid-19 pandemic. Headspace, one of the leading mobile applications providing guided meditation, reports that not only have individual app downloads doubled between March and October 2020, but corporate interest in providing employee access to meditation practices via the app has grown by 500 percent.[1]

Whether you are already a regular meditator or simply curious to learn more, this article provides you with practical, evidence-informed guidance on *how* and *when* meditation can be used effectively in the workplace, along with a free toolkit to help you start practising meditation today.

ORIGINS OF MEDITATION

Meditation refers to a broad range of practices for cultivating different states of mind. One of the earliest historical records of meditation—cave paintings of individuals in meditative postures found in the western part of modern-day India—dates back over 7,000 years, circa 5,000 BCE. Many of the versions of modern meditation originated from the Vedic teachings found in India that were written about 3,500 years ago. These scriptures provide instructions on how meditation is to be conducted, and describe its different forms that have evolved over centuries into the practices presented in this toolkit today.

An important distinction needs to be made between how meditation is described in this toolkit, and how it is viewed in Buddhism and other spiritual traditions. While the practices in this toolkit are predominantly drawn from Buddhist teachings, we focus on using them to develop specific states of mind that are amenable to workplace tasks, similar to how meditation is approached in the scientific community. Alternatively, in Buddhism, the use of meditation is to further individuals' progress along a spiritual path towards enlightenment and freedom from suffering. Therefore, meditation can be used to achieve different goals. Here, we focus on workplace well-being and productivity.

Source: Thomas G. Plante, "Contemplative Practices in Action: Spirituality, Meditation, and Health", Greenwood Publishing Group, 2010

What is in the toolkit?

A common misunderstanding is that meditation is simply a method for 'focusing the mind', in order to work in a more concentrated and efficient manner. While this perception is not incorrect, it is incomplete. Meditation is not just *a single tool* for focusing the mind and enhancing productivity. Rather, you can think of meditation as a *toolkit* of different practices for different purposes. We present three main types of practices in this meditation toolkit, each offering unique benefits at the workplace.

Drawing on cumulative research evidence, this meditation toolkit includes three fundamental types of practice: 'Focused Attention', 'Open Monitoring', and 'Loving-Kindness' meditation. These practices have their roots in contemplative and Eastern spiritual teachings, such as Jainism, Buddhism, Taoism, and the Yoga Sutras. Researchers in the fields of neuroscience, medicine, and psychology have studied each of these three types of meditation extensively. What they found is that each practice activates distinct neurological structures in the brain when practised and trained over time. These findings bridge the chasm between Eastern spirituality and Western science, demonstrating that people can use meditation not only as a valuable component of spiritual practice, but also as a tool to alter how we respond to the world around and within us.

FOCUSED ATTENTION MEDITATION

This is probably the most widely known practice and included in most secular mindfulness-based interventions, such as Mindfulness-Based Stress Reduction (MBSR). Focused attention meditation involves two main steps. First, you select an object for meditation. Second, you keep your attention fixed on this object. The object can take several forms. You could use a specific phrase or mantra as the meditation object to fixate your attention by repeating it silently. Other options include focusing your attention on physical objects, such as a candle.

Another prominent form of practising focuses attention on the sensations of breathing. The breath can be a particularly useful meditation object because it is constantly present and varies naturally, providing rich and ever-changing sensations for the practitioner to concentrate on. Focusing on a steady, slow breathing pattern can bring about a calming and relaxing effect. As a result, breathing has become the most common form of practice for meditation training courses and apps. However, the meditation object is considered less critical to the practice than the mental action of holding one's attention steadily on it and gently bringing the mind back to the object when thoughts stray.

> This meditation toolkit includes three fundamental types of practice: 'Focused Attention', 'Open Monitoring', and 'Loving-Kindness' meditation.

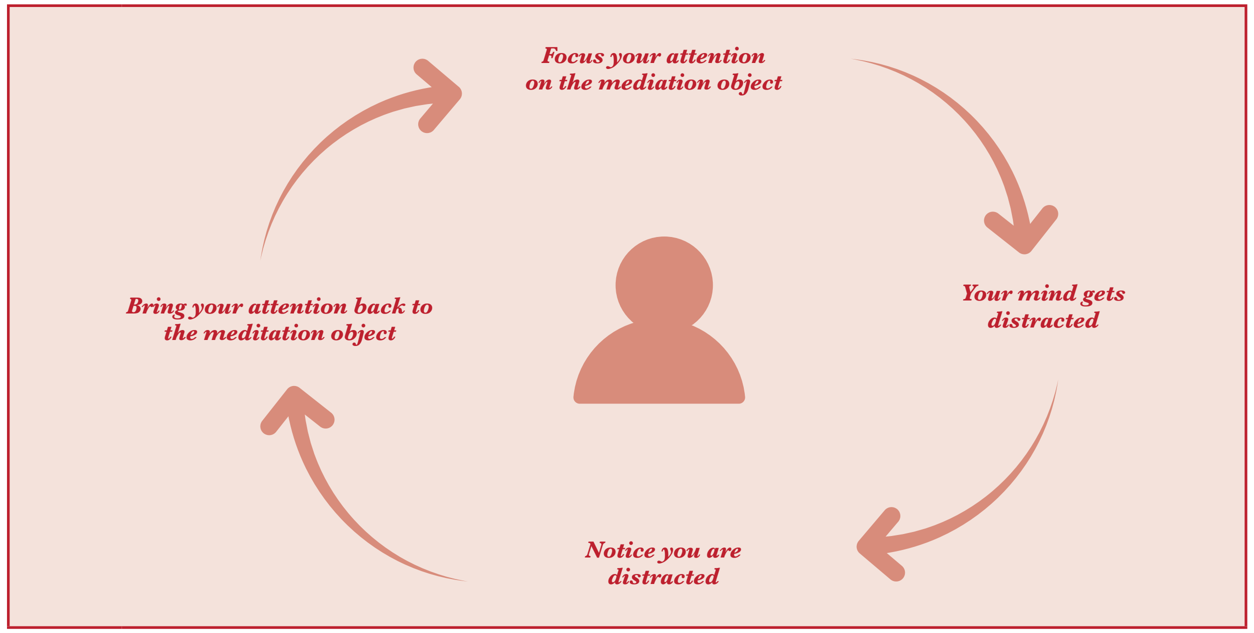
This meditation practice helps you hone the important skill of remaining focused on a single object for prolonged periods of time. It has been found to increase the activation of brain regions associated with attention control. As such, you may use this practice to improve your performance at sustained-attention tasks and convergent thinking (i.e., tasks that require careful deliberation and logical 'vertical' thinking, as opposed to creative, outside-the-box 'lateral' thinking). In sum, the state of mind cultivated through this practice is a *focused mental state.*

OPEN MONITORING MEDITATION

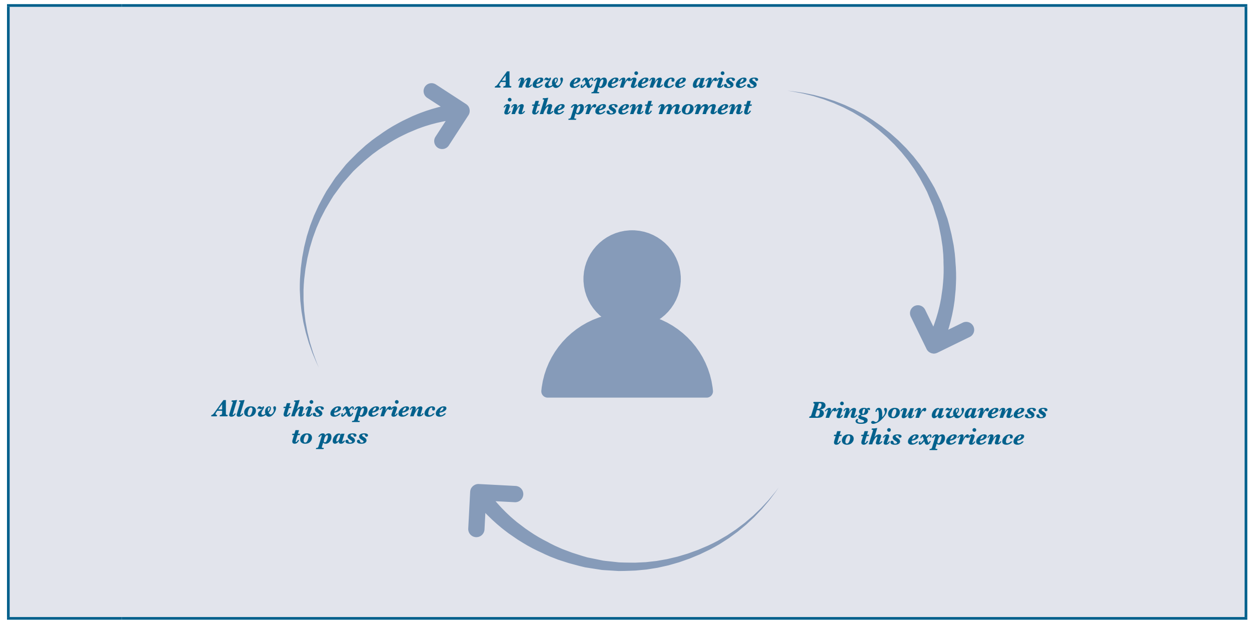
This meditation practice has been receiving growing interest and is also included in most mindfulness-based training programmes. In open monitoring meditation, you broaden your attention and are encouraged to bring a non-judgmental awareness to the thoughts, sensations, feelings, and action impulses arising in the present moment. When practising, you observe your experiences without judging (i.e., without categorising the experience as either good or bad), rejecting, or clinging as they arise, become present, and fade away naturally. To begin the practice, you could start by gently quieting your mind with a few deep breaths. Next, you would begin to broaden your attention to notice sounds (e.g., bird song), bodily sensations (e.g., warmth), thoughts (e.g., ruminations about the past), emotions (e.g., joy), and action impulses (e.g., an urge to check your mobile phone) arising in the moment. By just observing the experience as it is, practitioners practise letting the experiences come and go naturally, and at the same time gain insight into the causes and flow of these experiences.

Open monitoring practice can be challenging at first because it does not provide you with a specific mental anchor, making it easy for the mind to wander and drift away. To counteract this, practices frequently focus on one domain of experience such as *sounds*, *bodily sensations*, and *thoughts*. Open monitoring practice trains your capacity to become aware of different experiences arising and falling away, while cultivating a non-judgmental and accepting attitude. Research has found this practice to bolster one's capacity to detect hard-to-see errors, as well as support divergent, out-of-the-box thinking in tasks that require creativity. Based on these findings, open monitoring meditation fosters an *aware and noticing mental state.*

FOCUSED ATTENTION MEDITATION



OPEN MONITORING MEDITATION



LOVING-KINDNESS MEDITATION

To date, loving-kindness practice is least used in organisations, potentially because of its seeming contradiction with the cut-throat world of business. This meditation practice differs from the previous two in that it does not focus on cultivating a specific *attentional* state. Instead, as a practitioner, you cultivate a particular *emotional* state. 'Loving-kindness' refers to a feeling of non-romantic, benevolent, unconditional love. As such, loving-kindness can be directed at other people or groups, yourself, or the natural world.

To practise loving-kindness meditation, you first identify the feeling of loving-kindness by visualising someone or something you feel deeply towards. You could imagine seeing or embracing a loved one like a family member or a beloved pet, and then notice what seeing or embracing this loved one feels like, and what it feels like to wish that sentient being happiness and well-being. You focus on experiencing this positive feeling of non-romantic loving-kindness. As you familiarise yourself with the emotion, you practise further cultivating this feeling within yourself. Second, you now try to cultivate this same feeling towards people or things you would not naturally feel loving-kindness towards. You could deepen the practice by thinking of a stranger (or even an enemy) and reproduce the loving-kindness initially cultivated towards a loved one for this other party. Third, the practice culminates in attempting to feel loving-kindness for yourself. This practice can be challenging initially, especially when considering an enemy or yourself as the target of loving-kindness. However, prominent meditation researcher Richard Davidson notes that this practice often has the greatest impact on an individual's behaviour and well-being amongst the different meditation practices.[2] Research has found this practice to promote social connectedness, altruistic behaviour, and self-compassion, as well as reduce racial/political biases, and improve ethical work behaviour. Based on these emotional and interpersonal benefits, loving-kindness meditation generates a *caring mental state*.

How to use the toolkit

In order to use this toolkit effectively, you need to follow three steps: first, identify your goals; second, select the appropriate meditation practice from the toolkit; and third, apply the practice effectively.

First, you must identify your goals, which could be based on specific task demands and outcomes, or your personal preferences. For example, your goal might be to prepare for an important meeting in 30 minutes. Second, you select the task-appropriate meditation tool. Third, you apply the chosen tool effectively. Here is a real-world example: before Steve Jobs presented a new product, he would always do a focused attention meditation. Why this type of meditation? Jobs likely felt that it was most important to have a focused mental state during the presentation. Likewise, you should also identify your work goals and select the appropriate meditation practice. If your goal is to resolve conflict between two co-workers, it requires you to provide an unbiased assessment of the situation and treat each colleague fairly. Research has found that a loving mental state can reduce bias, promote 'ethical enhancement', and increase compassion towards others. Therefore, within the toolkit, loving-kindness meditation would be the best practice for this goal. Figure 1 provides an overview of recommended practices for several common work tasks. Of course, our recommendation is meant as a guide, not a rigid prescription. The best approach is for you to experiment with the practices in the toolkit, and make them work for your tasks and challenges.

Meditation can be used to elicit specific results. For example, it can facilitate effective task-switching. In the modern workplace, we typically encounter manifold tasks with varying demands in quick succession. You might need to move quickly from a brainstorming session (requiring divergent, creative thinking) to a 1-to-1 meeting (requiring interpersonal skills, such as empathy). Making these fast switches can be extremely challenging. However, by taking time for a brief meditation, you might be able to swiftly shift into an appropriate mental state, instead of simply rushing from one task to the next, potentially still being distracted by what you were doing before. For example, you could practise an *open monitoring meditation* before the brainstorming session and then do a *loving-kindness* practice prior to the 1-to-1 meeting.

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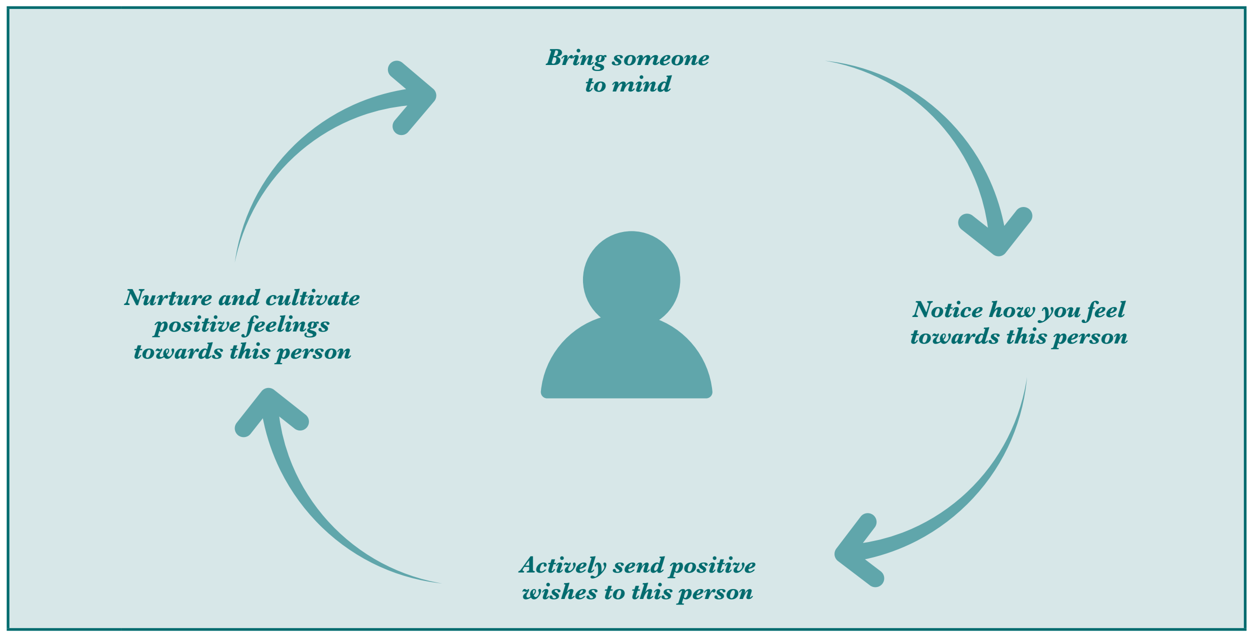
LOVING-KINDNESS MEDITATION



OVERVIEW OF MEDITATION PRACTICES AND THEIR CORRESPONDING WORK TASKS

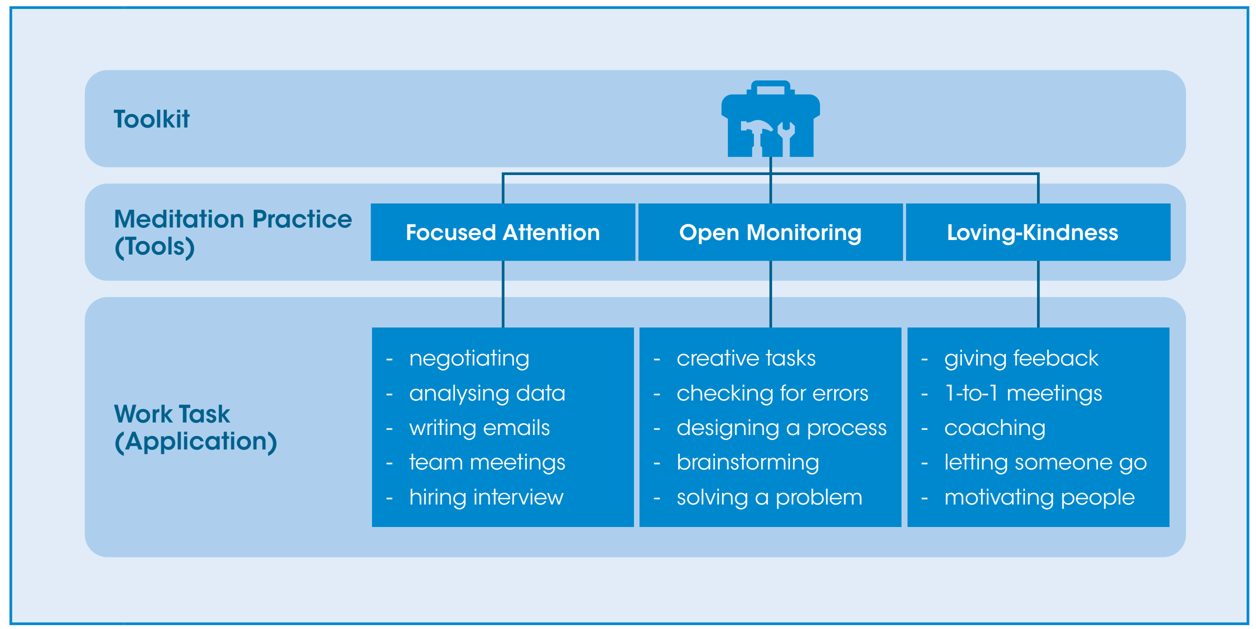


FIGURE 1

You can also use these practices within your team and the organisation as a whole. By practising in groups, you can support yourself and your staff in developing mental states that match task demands. (For instance, Rakuten CEO Mickey Mikitani recently got all the members of his executive team to practise a focused attention breathing meditation together before each team meeting to start the day fully present and attentive.) By doing so, you can help the team become more aligned so that it can work in unison towards organisational goals.

How to *not* use the toolkit

Even a good toolkit can do a bad job if used in an unskilful manner. We describe four key misapplications and misconceptions below.

First, meditation is *not a magic pill*. It cannot solve *all* problems for *all* individuals across *all* situations. The meditation tool chosen must match the goal at hand. A goal-tool mismatch may cause adverse effects. For example, research has found that open monitoring meditation can have a negative impact on motivation. This is a case of a tool misapplication due to the lack of fit between the practice type and its desired outcome.

Second, avoid *preaching*. Some people may be convinced, perhaps from their own experience, of the value of a meditation practice. However, we should avoid preaching to staff about the merits of meditation. It is impossible to force people to meditate. Even though an employee might sit still, he or she might be doing something else mentally. If you are interested in using this toolkit, we suggest you start by using the tools yourself. If you feel that you benefit from it, you could then tell your colleagues and staff about meditation and this toolkit, and allow them to make their own decisions.

Third, this toolkit does not in itself offer a *transformational change*. In their book *Altered Traits: Science Reveals How Meditation Changes Your Mind, Brain, and Body*, Richard Davidson and Daniel Goleman describe how meditation practice can lead to neuroplastic changes in the brain, and be a powerful treatment for numerous clinical conditions such as depression and anxiety.[3] Such lasting, transformational changes are possible, but *only* through long-term training over the course of months and years. If you are interested in such longer-term effects, you and your staff could pursue validated meditation training programmes such as MBSR, Mindful Self-Compassion (MSC), and Mindfulness-Based Strategic Awareness Training (MBSAT). These courses have helped people across the globe start and maintain their meditation and mindfulness practices. However, generating these transformative long-term changes is not the purpose of this toolkit. Instead, it is intended to produce localised changes in your current mental state that will help you reach specific goals, such as being present and attentive during a meeting. Whilst repeating these practices will improve a practitioner's capacity to get into this state, the toolkit alone is not meant to enact deep personal transformation. For such goals, you may want to participate in the training programmes described above, or approach appropriate medical professionals.

HOW TO GET STARTED

Part of the allure of using meditation in an organisational setting is that it is easy to get started. On-the-spot meditation at the workplace requires relatively little time–as little as two to five minutes. Meditation can also be conducted with audio guidance, making it more accessible to beginners. In order for you to get started straightaway, we have made each of the meditation practices in this toolkit available at the Mindfulness Initiative @ SMU (https://business.smu.edu.sg/mindfulness). We have used these tools in our research with organisations with positive effects, and believe this toolkit can help improve how organisations operate, one meditation at a time.

Fourth, as a new practitioner or someone interested in starting a meditation practice, you should know that *meditation, while simple, is not easy*. It is common for beginners to be shocked by how hard it is to keep their attention focused on the present and follow the guidance, even for a short time. This is normal. Just like training at the gym, or learning a new sport or skill, meditation is difficult at the beginning, but will become easier over time. If you find this hard, it probably means your mental 'muscles' are less well-developed, so the more you meditate, the more your mental 'muscles' will benefit from it. When meditating, leave perfectionism at the door. Just practise, be patient, and trust the process.

Finally, *be persistent and remain flexible*, as meditation requires discipline. The more you are able to form a habit (e.g., practising before each meeting), the greater the benefits will be. However, persistence does not equal rigidity. As everyone is unique, the toolkit should be used flexibly to fit the idiosyncratic needs and characteristics of different people. If, for example, you experiment with a different practice one day and find that the loving-kindness meditation in fact helps you remain focused and kind when responding to emails, then this tool can be repurposed. Similarly, if combining two of the tools (e.g., open monitoring and loving-kindness) enables someone to be in the best mental state to remain open-minded and compassionate on the job, then this should also be allowed. In sum, people ought to stay flexible, curious, and observant of their internal states and environment.

Future of the toolkit

While this article focuses on the three forms of meditation practice, it is by no means an exhaustive list. As research continues to evolve, there will be updates that can enrich this toolkit in the future. Research in this field is moving at a quick pace and as it does, additional benefits of these practices are being uncovered. Equally important, scholars are also beginning to better understand the situations in which these meditations are not useful, or might even have a negative impact. Like all good toolkits, these meditation tools will have to be fine-tuned.

Ultimately, this meditation toolkit aims to use evidence-based practices to support business leaders and enhance their teams' capacity to work effectively and collaboratively.

Be persistent and remain flexible, as meditation requires discipline.

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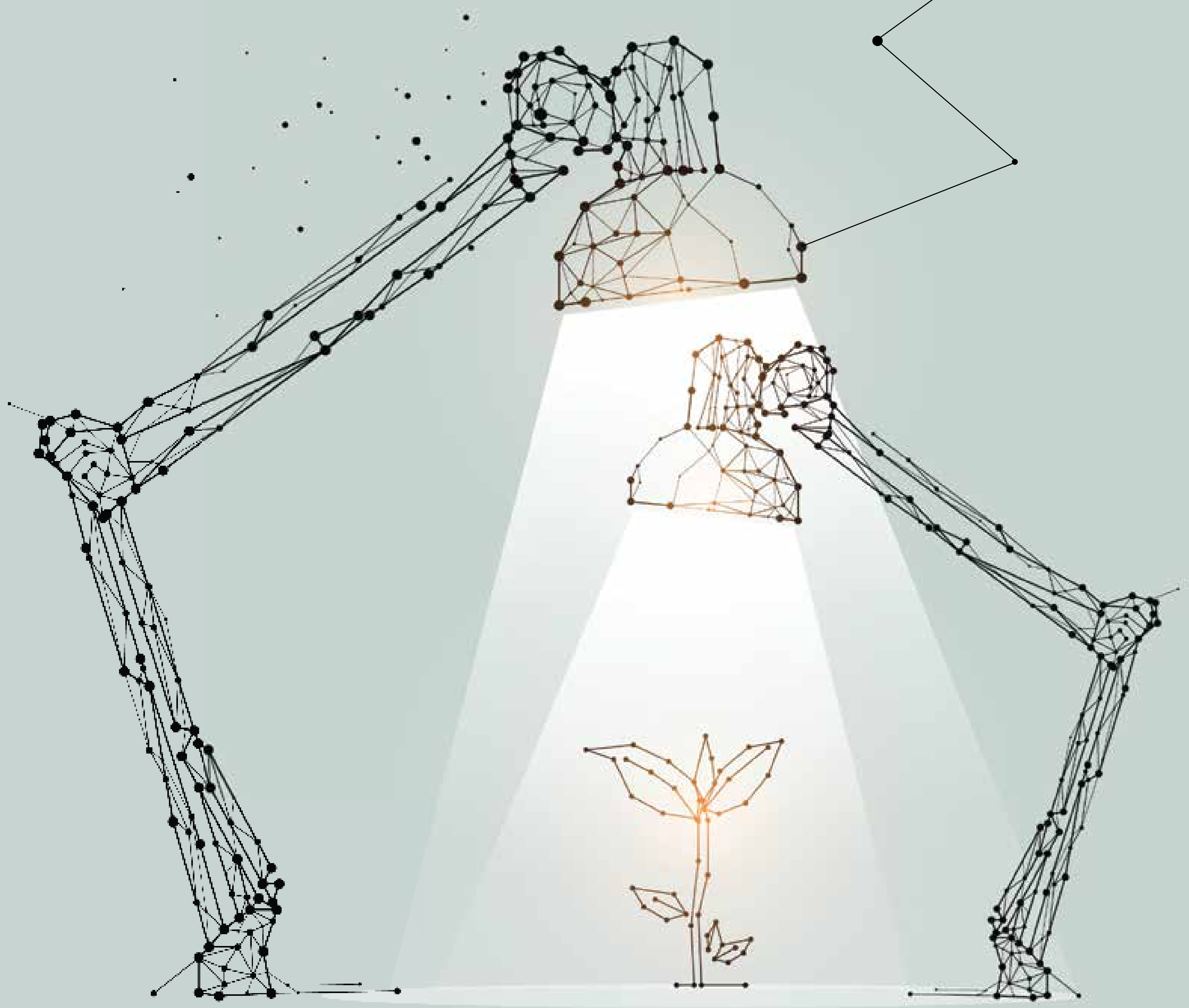
LEAD WITH YOUR HEART, HYPER INNOVATE, AND MAKE A DIFFERENCE



An interview with Steve Johanns.

Steve Johanns, founder and former Chairman of Veriown Global, is now taking smart villages into Sub-Saharan Africa through his company Villedge Solutions. He talks about his entrepreneurial journey in the world of hyper innovation and the secrets found in last mile empowerment.

What made you want to become an entrepreneur?

Since a young age, I have been driven by innovative thinking and inspired by entrepreneurs and inventors such as Thomas Edison, Henry Ford, J.P. Morgan, and George Westinghouse. In the world of business, entrepreneurialism, and infrastructure, they literally delivered solutions that the world would engineer into the fabric of operating economies. I found it fascinating how a few inspired individuals can have impact at such a large scale. And why is it that some people, despite having great ideas, go nowhere, while others become huge successes? What are the dynamics that make them different?

I was passionate about computers at a young age and went on to study computer engineering. But in the 1990s, no one was hiring in the computer industry, including big companies like Texas Instruments and IBM. I ended up joining Westinghouse Electric as it was the only job offer I got. At Westinghouse, and later at Eaton Corporation, I learned about energy infrastructure and power management. Although I was successful at a young age, I felt I did not fit in. I was not inspired by the career trajectory and jobs offered. Even the idea of becoming a corporate executive and making lots of money just did not motivate me.

So in the late 90s, when the dotcom world was really booming, I decided to jump in and do something of my own. I cashed out my limited 401(k), sold our house, and moved with my wife and 18-month-old son into an apartment, which was only four doors away from the apartment I had lived when I was just out of college.

How was your first attempt at setting up your own venture?

I planned to start a dotcom company that would monetise people's time and attention spent on listening to, or reading, a company's marketing campaigns. There were others who were interested in my idea, but they wanted to wait until I had raised enough money and got the venture going. But months later, they changed their minds as they did not want to risk their investments.

It was very disheartening because I had spent all this time, energy, and family members' money on the venture and I could no longer sustain it on my own. My grand plans had come to nothing. Or so I thought. I felt like I failed. It took me some time to realise that failure is part of a process of learning as an entrepreneur. Looking back, it was a tremendous learning experience and an eye-opener to what an entrepreneurial journey entailed, and it became instrumental in my future initiatives.

I then joined a company that was doing a secret project code-named 'Xbox' with Microsoft. Before anyone even knew that Microsoft was going into gaming, I got to be a part of the team that was involved in developing the product. This gave me an opportunity to interact with some key people at Microsoft.

Then in 2008, Eaton asked if I would come back as it was looking for a person with an entrepreneurial skillset to accelerate the development of its energy business. At that time, the new energy business was just starting to flourish with initiatives around developing solar panels, electric vehicles, and wind turbines. I was asked to start up an advanced energy business unit at the company.

What led to your second try at being an entrepreneur, and the launch of Veriown?

Being a large corporation, Eaton had a tough time getting its head around the new energy business, as it was markedly different from its other core businesses in how it went to market. It was not moving at the speed I wanted. So in 2012, I made the decision to jump again. This time around, my children were in high school.

With some of the early distributed solar companies going public, I saw that distributed energy and microgrids were coming next and it was just a matter of time before electricity would work more like the Internet. Because of my experience in computer engineering and power management, I could see that change was inevitable in the energy industry and it would strategically transform how the world would work.

I took everything I owned and launched Veriown Americas, a solar energy company. It was a U.S.-centric business, with plans to undertake solar energy installations on commercial buildings and set up micro- and mini-grids across the country. Sensing a great opportunity, I hired top talent, but soon we ran into challenges from the slow-moving regulatory bodies, given the lack of incentives for adoption in the United States. Everyone in the market had easy and adequate access to electricity; it was not like they needed more of it. We were trying to convince them to use a different form of electricity, which seemed to work against the conventional energy industry that was so well established in the country.

At that time, a friend was a lead person at J.P. Morgan, running the Europe, Middle East, and Africa offices. While he was interested in my vision about distributed energy, he had a comment that set me thinking. He thought I was wasting my time and passion on people who already had everything. He suggested I go fix problems for the people who need help in Africa and Southeast Asia. I realised then that I had fallen into the same trap that the majority of entrepreneurs fall into: engineering things for people who have it all and keep giving them more.

A few weeks later, I accompanied some business partners and friends to Sierra Leone in Africa to help them secure a large solar street lighting project. It was my first trip to Africa and the biggest revelation that I had ever experienced. In Sierra Leone, I saw abject poverty in its worst form. With Ebola having run amok across the country, people were dying in large numbers, and the poor, especially in rural villages, were bereft of the most basic services and infrastructure. Everything I had done until then hit me in the face. In that instant, I knew that my purpose in life was to focus on developing these areas with innovation and heart. This decision was not made out of charity, but the knowledge that I could actually make a sustainable difference here.

I returned home and told my team and investors that I planned to focus on developing places like Africa and India, instead of the United States. One by one, my core start-up team members left, until it was just me and a couple of young people. We had to start from scratch again and Veriown Americas became Veriown Global. I spent the next year visiting these developing economies to learn about them. I went to Ghana, Sierra Leone, and Côte d'Ivoire, and spent a fair amount of time in India as well. In India, I met a talented entrepreneur in Delhi who worked with the government to bring solar-based solutions such as streetlights to villages. Our shared vision led us to collaborate, bringing together my technology and innovation with his installation platform to enable easy access and implementation in the energy-deprived areas of the country.

What made you decide to focus on bringing electricity to the unconnected, rural, and hyperlocal economies? And how did you select the poor 'invisible' women as your core clientele?

In my opinion, only four or five networks make the world work. First is the electricity network. Not only is it fundamental to our lives, it also lays the foundation for other networks. Once a region has access to electricity, other important services such as transportation, communication, and financial services can be made available too. All these other networks will not run well if there is no electricity. Google and Facebook are phenomenal companies with turnover worth billions of dollars. But if you turn the power off, they will not work.

I asked myself, "If I were looking for a person with zero fear and pride, who would be standing in front of me?" And the answer I got was, "The poorest person on the planet, and often it's a woman who goes unnoticed." And that led to the concept of the 'invisible' woman standing at the end of the last mile.

I could see that change was inevitable in the energy industry and it would strategically transform how the world would work.

Village women have proven to be the best credit risk in the whole world. And it is on their shoulders that the globally successful microfinance institutions (MFIs) stand. Because not only will they pay you back, but they will also make sure that all their friends pay you back too. If you ask me whom I want to lend a dollar to, I will lend it to a village woman. She will do something good with it by helping her family and community, and she will give it back to me along with interest. She would also thank me for it. I believe that if we engage with and listen to her, we can engineer and build a better world.

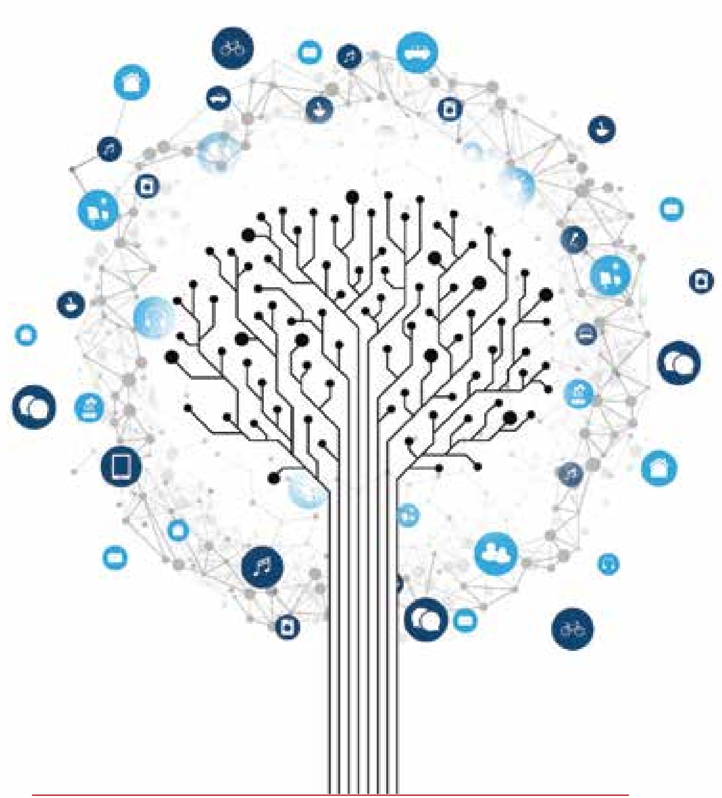
I began engineering solutions for people like her. I realised that with the technology available, we could install a solar panel on her small hut. If we also put in a battery along with the solar panel, we would be able to make electricity flow.

I then widened my goal to include connectivity, commerce, and other cloud-based services. With electricity flowing, I thought I could put in an IoT (Internet of Things) device so that she could connect to the Internet as well. Then with Internet access, I could help her get an e-bank account. And as long as she is connected to the cloud, why not turn on the other services as well, such as e-education and e-healthcare?

The 'invisible' woman was showing me that there were endless possibilities. Historically, networks were built independent of one another with centralised systems and large capital, which put money in the hands of very few people. Instead, when we begin with the village woman, these networks emerge from her hands. The network, however, needs to be broken down into very small units and made available at marginal costs so that she can easily afford them.

From a strategic perspective, if I can solve the problem of the 'invisible' village woman, I can solve the world's problems. Because if it works for her, it will work for everybody.

Also, if you look at any of the smart city master plans in the world–London, Tokyo, Shanghai–they look like an aggregation of villages with renewable energy and walkable environments. A smart city to me is fundamentally a bunch of smart villages that are connected. Does it then not make sense to develop the village first and use the hyper innovation solutions to spur smart city development? With Covid-19, the reality that we all live in villages and are stuck in our little communities has become further reinforced. Therefore, we are like the 'invisible' woman now sitting in our own local village homes and neighbourhoods.



Smart city master plans look like aggregations of villages with renewable energy and walkable environments.

Her knowledge needs to become our knowledge. When that happens, we will not be building a system like that of J.P. Morgan's, George Westinghouse's, or Henry Ford's. We would have built a system that looks more like hers, which can unlock the secrets of the 'invisible woman', leading to a better-built planet.

How has the Covid-19 pandemic affected the need to connect Bottom of the Pyramid (BoP) consumers?

Covid-19 has accelerated the need to connect and bring onboard the millions of people who have been left behind. Everything I had been saying about BoP has come true. There is a growing realisation that the world is only as strong as its weakest link.

Earlier, there had not been a driving force to rectify this because we did not know how much it was costing us, and we did not care enough. Today, because of the pandemic, every country knows the hefty cost of having close to three billion people without connectivity and healthcare. It is absurd that in this day and age, with the technological progress humanity has made, e-healthcare is not available to a sick villager. Millions of people are going to die just because we do not use the tools available to us like sunlight, Internet connectivity, and electricity to reach these people.

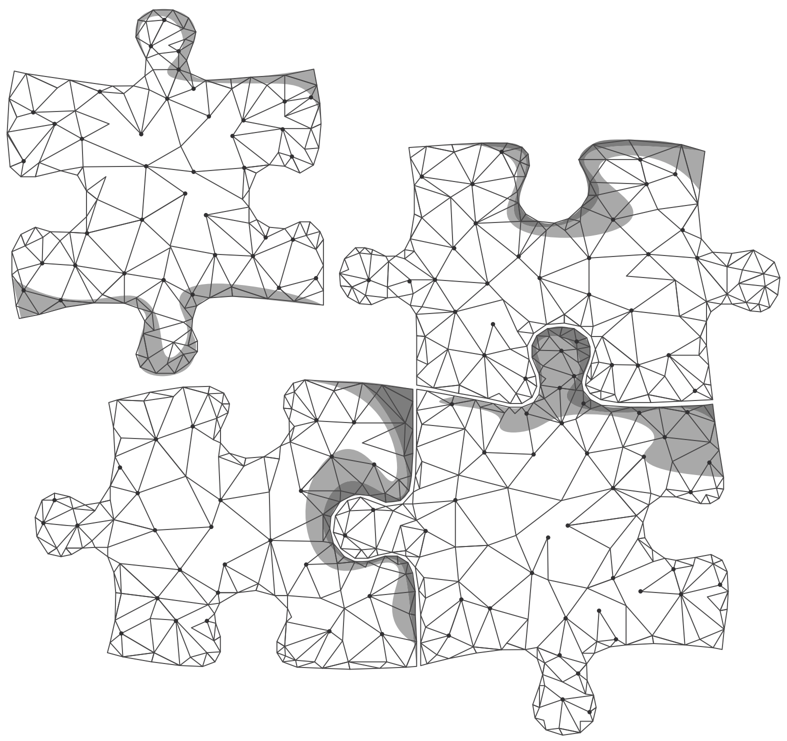
This unique time in human history compels us to understand the perspectives of the residents of the last mile and learn to innovate from the bottom up. This will not only generate tremendous revenues and create some of the greatest companies, but also do so much good for the world.

How did you achieve the goals you set for yourself, especially in Sub-Saharan Africa?

Rural Africa is like a large white canvas. It lacks the infrastructure and development that Europe, Asia, and North America have. I got an opportunity in 2018 to spend time in Ethiopia when I was invited to visit by its former ambassador to the United States. I really liked the Ethiopian people and felt there was something unique about them. The election of Ethiopian Prime Minister Abiy Ahmed was the tipping point for me, because he was such a breath of fresh air as a leader. Amongst the youngest prime ministers in Africa, the Nobel Peace Prize winner had a great vision for his country. He planned to rebuild it, bring in foreign investors, and more importantly, he understood the significance of technology in providing the big push. I decided to go all-in in Ethiopia, and rope in the U.S. government by making my pitch that there is a different way to build infrastructure in the developing world, and the U.S. should lead the effort. I discussed with the U.S. EXIM Bank, the U.S. Trade and Development Agency (USTDA), and the U.S. International Development Finance Corporation about how the U.S. could be a leader in infrastructure development in developing economies. I emphasised that the top-down approach of throwing huge amounts of money at big projects was not going to work.

I pitched the idea of what I called bottom-up hyper innovation infrastructure smart development, which would lead to smart villages. I explained that it is based on renewable energy and starts in the rural villages. With satellite communication, smart affordable building construction methods, and off-grid water pumping purification systems, we can build hyper-innovative off-grid systems in the form of smart villages. USTDA got behind me and brought in a group of people. Over a year, we developed a full-scale 100-page proposal on a pilot study and a feasibility programme for Ethiopia. I have teamed up with the Amhara Development Association, a non-governmental organisation (NGO) in Ethiopia with 4.4 million paying members who are primarily smallholder farmers.

> This unique time in human history compels us to understand the perspectives of the residents of the last mile and learn to innovate from the bottom up.



USTDA is funding the feasibility project, while we have some commercial partners onboard as well. Organisations such as Microsoft, SES Satellite, and Société Générale are also onboard and will help us think about how to deploy capital, make the business model financeable, and undertake impact investing to support the commercial rollout following the study.

Then when Iowa State University, my alma mater, set up an innovation centre, I advised them to leverage this opportunity by recruiting students from the developing markets, teaching and learning from them, developing companies with them, and then helping them return to their communities and implement their learnings. This inspired the university to collaborate with us and launch the Last Mile Project, a new approach to education and economic development. By getting more universities involved in the last mile vision, I think it will be possible to develop this into a global thought process.

What advice do you have for young and aspiring entrepreneurs?

No matter who is in front of you, always be present and pay attention because it is an opportunity to learn. I am just a regular guy from Cedar Rapids, Iowa. I was born in a small town of 3,000 people but over the course of my entrepreneurial journey, I have met people from all walks of life from presidents and ambassadors to rural village families. But no matter whom I am speaking to–a young village child, the president of a country, or an ambassador–I am always present and ready to learn. In fact, I have learned more from the villagers than I ever have from powerful people with big titles.

Second, if you look at successful entrepreneurs like Elon Musk and Bill Gates, they do not hedge against their vision. They commit themselves fully. They are ready to plant their flag and announce to the world where they are headed. If I see an entrepreneur hedge, that is not a person I would support. I would rather have them plant the flag, even though they may eventually not achieve their goal. When I approached the U.S. government, I planted my flag firmly and painted the picture of my vision so clearly because of my conviction. That is why the government got involved. It was convinced of my proposal and knew that I was going to see it through and even if I missed a little, I would have advanced and accelerated the opportunity for the country.

Third, be selfless. One of the biggest problems with entrepreneurs is ego. Ego kills ideas and companies.

Most importantly, lead with your heart and operate as a servant leader. When you do this, you put a lot of time and effort into learning and listening. I find this desire to learn and acquire knowledge from all people to be a consistent trait among successful entrepreneurs.

EDUCATING CHILDREN DURING COVID-19 AND BEYOND

Revamping formal education for the Fourth Industrial Revolution.

By Alvin Lee

Since the World Health Organization declared Covid-19 a pandemic in March 2020, school closures across the Asia-Pacific region have affected some 325 million children.[1] In Southeast Asia, the repeated reopening and closure of schools in countries like Cambodia, and lengthy spells without in-person instruction in Indonesia exacerbate the pre-Covid figure of "53 percent of children in low- and middle-income countries living in Learning Poverty–unable to read and understand a simple text–by 10 times".[2] In the worst case scenario, the World Bank projects up to 0.9 years of lost schooling and some US$25,000 in lost income over a typical student's lifetime.[3]

Much attention has been paid to addressing the digital divide. The region's lower household income level translates into a lack of necessary information technology (IT) hardware, which paired with low broadband subscription rates[4] for mostly sub-100-Mbps[5] connections, makes home-based learning ineffective and challenging, if at all accessible. United Nations International Children's Emergency Fund (UNICEF) Executive Director Henrietta Fore puts it this way: "At least one-third of the world's school children were unable to access remote learning...because of a lack of Internet access, computers or mobile devices."[6]

How to teach?

Despite the technological and economic hurdles, everyone involved–educators, policymakers, parents, and students–agree that blazing broadband speeds and spanking new computers do not add much value if they are merely replicating a physical classroom environment via a webcam. Engaging students and holding their attention over any period of time in a virtual classroom over a Zoom call require skills and adjustments that even the best teacher training systems might have overlooked.

Writing in the *Education Week* journal, Susanna Loeb at Brown University's Annenberg Institute for School Reform highlighted the fact that, on average, K-12 students do worse in online courses compared to in-person courses. With more distractions and less oversight, Loeb suggests the need to "set norms for engagement–such as requiring students to ask questions and respond to their peers–that are different than the norms in the in-person setting".[7]

I can attest to my seven-year-old son's teachers practising what Loeb is preaching during Singapore's circuit breaker in April and May of 2020. But despite their best efforts, getting 30 children barely out of kindergarten to pay attention to a screen not playing a Disney cartoon is akin to herding cats. Parental involvement is therefore crucial in making remote learning for younger children a success, even in an affluent city with widespread broadband coverage like Singapore.

This raises a few issues. While remote-learning training for teachers shot to the top of many governments' to-do list, parents of young children were left to navigate heretofore-uncharted waters by trial and error. With 'building back better' becoming a mantra for global bodies and governments alike, education ministries in ASEAN countries could look into structured programmes that help parents facilitate remote learning. Policymakers should thus get the ball rolling now when remote learning has become a fact of life, instead of waiting for things to get better.

> Parental involvement is crucial in making remote learning for younger children a success, even in an affluent city with widespread broadband coverage like Singapore.

What to teach?

The other issue is: how can teachers compensate for the content that was not taught due to Covid-19 school closures? At the time of writing, students in Vietnam had just returned to school after an outbreak in Hai Duong province forced a near-nationwide lockdown. Thailand and Malaysia are only weeks away from forced remote learning while Indonesia still has dozens of 'red zones' where schools are not allowed to open.[8]

ASEAN countries were quick to acknowledge the challenges students and schools face in completing pre-Covid curriculum. Myanmar, for example, made it a point to "prioritise subjects and learning content and trim the curriculum accordingly... [and] be responsive to individual student needs by introducing remedial education and restructuring learning for the remainder of the school year".[9]

In the unlikely event of schools finding extra time or resources, should these be used to cover curriculum that would likely have little or no bearing on these students when they start work? Even in countries where finances and logistics could be arranged with reasonable efficiency, e.g., Singapore, would it make sense to use that window to teach long division or memorise the periodic table, for example?

Given the aforementioned loss of income over a lifetime, now might be a good time for education ministries to revamp the curriculum for the 21st century. Instead of using future investments in technology to teach existing subjects, why not think ahead and develop syllabi that would be relevant for the Fourth Industrial Revolution? Granted, much of ASEAN is at a developmental and infrastructural disadvantage, but to paraphrase the futurist Alvin Toffler, the 21st century is about being able to learn, unlearn, and relearn. That does not require hardware and money–at least, not a lot–but it does require a commitment to the new vision of what students should get out of formal education.

Governments must step up

In a 2017 White Paper, the Asian Development Bank noted the impending end to traditional 'Factory Asia' and ASEAN's opportunities for leapfrogging that came with the Fourth Industrial Revolution.[10] While the paper was written before Covid-19, the need for focused and coordinated policy ahead of an impending economic reset is reflected in the following three principles. The first is that speed matters; policymakers must rapidly adapt their process of making rules to keep up with technological shifts. Second is 'agility', where regulators need to change course in real time. With Covid-19 wreaking havoc on the 'how' and 'what' to teach, now is the time to examine and update the education system. The third has to do with being experimental and iterative. In much the same vein as 'failing fast' in start-ups, policymakers need to try out different approaches while the Covid-19 situation prevents a return to the pre-2020 normal. The costs of getting things wrong now are lower since almost everyone is grappling with uncertainty.

> Now might be a good time for education ministries to revamp the curriculum for the 21st century.

At the heart of it all, governments must commit to funding and seeing through programmes that address the current challenges while keeping an eye on the future. While nobody wanted a pandemic that has turned the world upside down, it has provided an opportunity for developing countries to revamp their education systems. Students in Laos, Cambodia and Vietnam might not all be well-versed in Internet of Things (IoT) or quantum computing, but they should not be denied the opportunity because of a lack of governmental support.

Does it sound as difficult as herding cats? Try getting a seven-year-old to watch a video explaining why 3+2 is not the same as 3x2.

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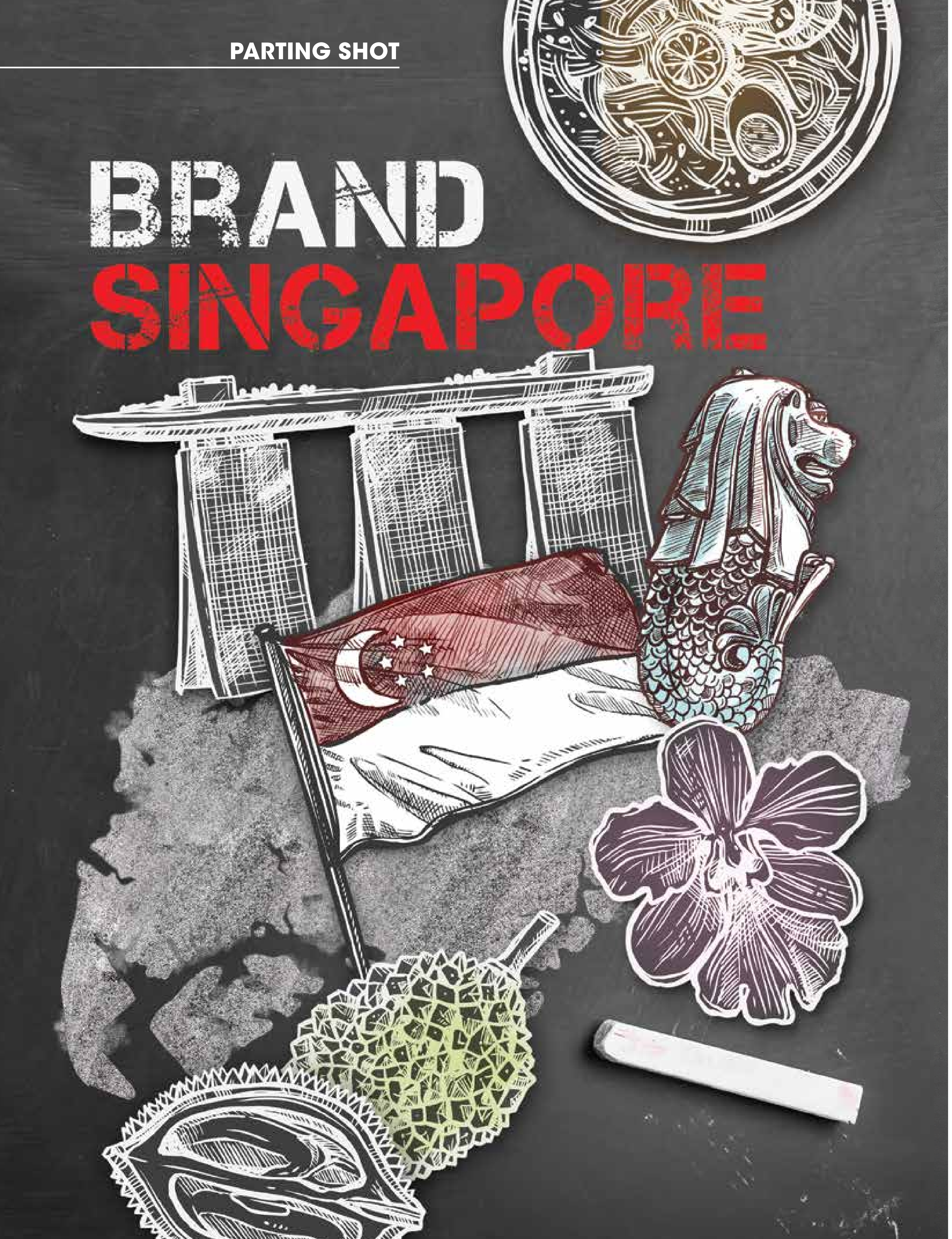
BRAND SINGAPORE



How businesses can align with their country's branding in a Covid-19-plagued world.

By Koh Buck Song

As the world gets a better grip on the Covid-19 pandemic, one outcome is becoming clear: Place branding–in particular, nation branding–is becoming more important than ever before.

Debate over nationhood's very survival has intensified ever since the 1995 book *The End of the Nation State* by Kenichi Ohmae[1] prophesied its demise. But now, this pandemic has seen a kind of renaissance of the nation state, as it stamps its authority anew with force.

With border controls enforced everywhere, life across the globe is being lived mostly within the confines of each nation, and in isolation from others. Hence, the increased value of a nation's reputation–its brand, and its ability to attract attention, investment, and support from other countries.

For example, the U.K., cast adrift from the European Union, must rebuild brand Britain post-Brexit. In doing so, the new Britain can aim to revive the glories of the old empire, while contending with more recent and challenging global perceptions. In the U.S., the biggest foreign policy challenge of the new Biden administration is how to rebuild brand America so that exports can grow again.

With more economic activity moving online, brand building will also be increasingly conducted through virtual means. A few things follow from this. One is that online meetings can go only so far in building human relations, and face-to-face interaction remains the ideal way to win rapport. Another is that conventional word-of-mouth now has a much wider reach, so brand building efforts must weigh a brand at any one time against what is being communicated by its entire digital presence.

With a greater influence of nation states on all economic activities and as long as pandemic border controls are necessary, impressions of any commercial brand will be affected by existing perceptions of the nation brands of the countries of origin. What this means is that, more and more, the digital entities of businesses will be tied to their nation brands, whether they like it or not, even if only on a subconscious level.

A deeper search for value arising from Covid-19

Many people confuse marketing and branding. Pandemic deprivation has forced more clarity. In boom times, a lot is taken for granted about brand building, or that it can be deferred to the next occasion. Marketing takes more of the spotlight, promoting aspects of a product, discounts, and good deals. But when market activity is low, the focus shifts to branding, which is much more about character, and intangible facets such as reliability, and longer-term aspects like value for money.

This pandemic has made everyone more value-conscious. Investors, trade partners, tourists, and immigrants will gravitate to places that are seen as safe, trustworthy, and welcoming. Hygiene itself has become the most vital hygiene factor.

> Place branding—in particular, nation branding—is becoming more important than ever before.

This is why country-brand advertising in these times, by nations such as New Zealand, is not about where to go or what to do. It is focused on communicating characteristics and brand attributes such as friendliness towards foreigners, or simply basic family values.

As businesses seek to build back better for a post-Covid-19 world, aligning with the nation brand is one way to accentuate facets of a commercial brand, thereby helping it to explore fresh opportunities. Enterprises and enterprising individuals in Singapore, for instance, have a strong nation brand in the backdrop to 'plug into' in the aftermath of the pandemic.

Brand Singapore strengthens despite the pandemic

Singapore, after having dealt with an outbreak of cases in foreign worker dormitories in 2020, has kept cases and fatalities low compared to most other countries, without the need for more lockdowns. Moving from 'gold standard' to cautionary tale, Singapore is like a top student in class who did badly on one or two tests, but has done well overall. The country's international standing has since been strengthened further by recent developments.

Foreign direct investments in 2020 remained high nonetheless, and investor confidence remains strong, as seen in iconic commercial openings such as the world's first floating Apple store in Marina Bay in September 2020.[2] The most significant endorsement by the global community came from the World Economic Forum's announcement of its choice of Singapore as the location to host its annual meeting in August 2021.[3] Even if, in the worst-case scenario, the global situation takes a turn for the worse and the event is called off, the initial selection of Singapore as the host city is already a compliment of the highest order.

Singapore is powering forward with new initiatives that will refresh and enhance its nation brand. The Green Plan 2030 will turn this 'little red dot' into a 'bright green spark'[4] through a 'whole-of-nation movement' to advance the national agenda on sustainable development, including transitioning to electric vehicles and planting a million more trees.

This master plan positions Singapore at the leading edge of making cities more sustainable and liveable. It joins other efforts including the 'City in Nature'[5] vision to infuse more of nature into the urban fabric, with measures going back in time such as turning concrete canals back into waterways with vegetated banks and recreational amenities.

The initiatives provide a rich background and resources for businesses and enterprising individuals to orientate and align what they are doing in their own spheres with the positive impressions that the country has earned through nation brand building developments. Businesses can ride on Singapore's overall efforts in advancing sustainability to promote their own messaging in this area.

'Passion Made Possible' as a brand platform

Brand Singapore is in a position of considerable strength, despite the disruptions brought about by the pandemic. The current country brand concept 'Passion Made Possible'[6], launched in 2017, centres on the idea that the Republic is a highly conducive place for those with the drive to realise their hopes and dreams, whether as business creators or consumers.

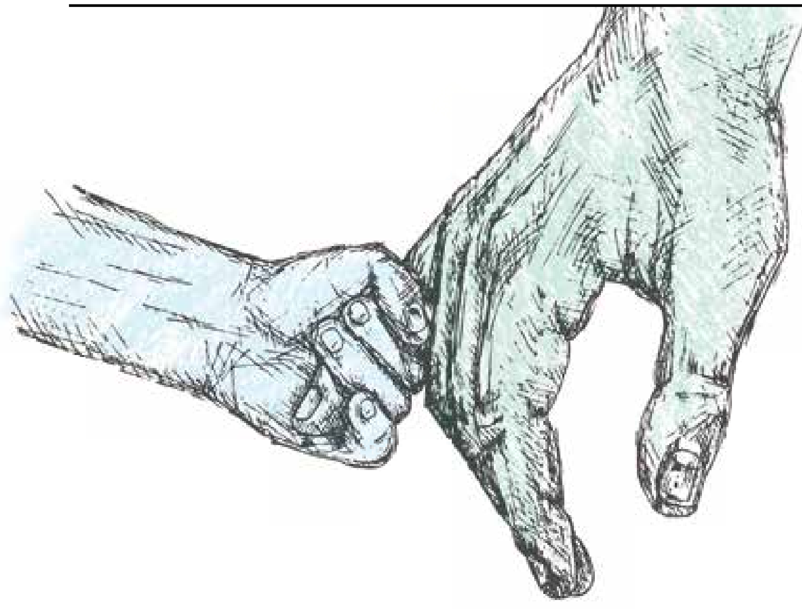
'Passion Made Possible' is the first brand concept developed by the Singapore Tourism Board not solely for tourism, but for Singapore overall, in collaboration with the Economic Development Board (EDB). EDB, through its 'Singapore: The Impossible Story'[7] branding, portrays passion from a different angle—through entrepreneurs who made it in Singapore, "the special place for those who love proving the world wrong".

When Covid-19 led to closed borders, sending international tourism into suspended animation, the 'Made With Passion' sub-branding campaign was launched to promote Singapore-based lifestyle brands mainly to a domestic audience. Passion was what these brands had in common, expressed in a love for experimentation, a commitment to tradition, or a drive to foster innovation.

When the pandemic eventually subsides and international borders reopen, this 'Made With Passion' sub-branding can also be extended to overseas markets. If businesses continue to align with this branding, Singaporean enterprises could be seen as 'hunting in a pack', as part of the Singapore 'mother brand'. This kind of coordinated brand building would be something that observers had for years said was lacking in the country's efforts at overseas expansion.

'Passion Made Possible' is the best nation branding concept so far, because it has essentially been fleshed out by profiling actual persons with their real-life stories, and showcasing citizens themselves instead of hired actors.

> Aligning with the nation brand is one way to accentuate facets of a commercial brand.



> In a world devastated by Covid-19, a government that acts like a nanny to look after its citizens would be preferred to one that leaves its people to fend for themselves.

Similarly, Singapore-based businesses can take a leaf from this authentic approach by featuring real-life staff members, partners, and customers, and highlight their attributes such as determination, ambition, resourcefulness, and optimism.

The power of brand consistency

Some people wonder if 'passion' is incongruous with the stereotypical impression of Singapore as a regimented place, full of rules, whose citizens conform to regulations such as the ban on import of chewing gum.

But there is actually no contradiction as passion in Singapore embraces as much of the Western notion of the flamboyance of a flamenco dancer as of the Asian idea of a pianist whose excellence is honed by hours of effort and practice. This blend of the best of both worlds is also something that businesses can highlight in their products and services.

In earlier decades, Singapore's reputation for state-imposed order earned it what I call the nation 'brand keloid' of being a 'nanny state', always interfering in, and influencing, even aspects of private life. A 'brand keloid'—a term I coined in my book *Brand Singapore*[8]—refers to a persistently negative perception that lingers like a flesh keloid, a scar that is difficult and painful to remove, and best left alone, to be safely ignored in time to come.

Today, the brand keloid of being overly controlled has become a prized asset, with competent and trusted governance, and the ability to marshal citizen cooperation, perceived as the keys to managing the pandemic. In a world devastated by Covid-19, a government that acts like a nanny to look after its citizens would be much preferred to one that leaves its people to fend for themselves.

Indeed, nations that manage the pandemic best will be among the first to recover from the economic setback. A major reset of perceptions of this particular aspect of Singapore could well be in the making.

The Asian emphasis on discipline as the foundation for flair is exemplified by examples such as the stipulated shade of eyeshadow worn by Singapore Airlines (SIA) stewardesses. Building on this foundation of style, SIA's crew have gone on to earn the admiration they hold for their poise and elegance. This has become part of the hallmark of consistent brand delivery that is the basis of SIA's longstanding success.

In the same way, what SIA has earned for Singapore in terms of worldwide recognition and awareness of excellent service and reliability is something businesses can piggyback on, to promote similar attributes in their own staff, services, and products.

During these times, Singapore has also built on its brand attribute of discipline in other aspects, such as strengthening its hub status in supply chain efficiency and diversification, not only for ordinary goods but also for pandemic-related supplies.

Multiculturalism's X factor

Another nation-brand attribute of Singapore that has come to the fore in these pandemic times is social cohesion. What has enabled some countries like Singapore to keep Covid-19 infections and fatalities low, and minimise the resulting economic impact, is the willingness of citizens to trust the authorities, make some personal sacrifices, and rally together for the common good.

Such social capital is the fruit of multiculturalism, what I consider the X factor of brand Singapore. This quality has become even more precious in a world that has seen a rise in negative sentiments such as protectionism and nativism, sometimes boiling over into xenophobia and racism.

Multiculturalism is part of the cultural DNA of Singaporeans, fostered in unique ways such as the ethnic quota policy in public housing that prevents the formation of racial enclaves. This rare social milieu, in which people of different backgrounds live together in harmony, is apparent everywhere in a society that has a Malay woman President, an Indian Leader of the Opposition, and a Eurasian Olympic gold medallist.

Multiculturalism will also be a springboard for recovery after the pandemic. The rebuilding of economic ties will move smoothly wherever there is already a foundation of trust and familiarity that cannot be easily forged over Zoom meetings, but is the outcome of decades of socialisation. Businesses can tap into this reservoir of goodwill to find new opportunities for brand building, to generate growth for the domestic market and attract audiences overseas.

The future for Singaporean enterprises

There was a time, in earlier decades, when Singaporean companies and business people were clearly not known to wear their nationality on their sleeves. Typically, Singaporean business people were not as obvious as, say, their American counterparts, who waved the stars and stripes everywhere they went, figuratively, and often literally.

The international power of brand Singapore is predominantly the fruit of efforts master-planned by the government, and then realised through the work and example of many Singaporeans. Throughout this time, the private sector has traditionally played less of a leadership role. SIA is the torch-bearing leader in this space, but the two other most prominent Singapore brands—Raffles Hotel and Tiger Beer—have been sold in recent years, and direct control over these brands has thus been lost.

There is, therefore, a brand Singapore deficit in the local private sector. For instance, one Singaporean enterprise overseas used to have a logo that looked like an old-fashioned coat of arms, and it was quite happy for the misperception to persist that it was a European company. This aspect of diffidence towards identifying with the national brand has 'improved' a lot in recent years, as national self-confidence increased in tandem with the growth of brand Singapore.

Take the food and beverage (F&B) sector for example. Singapore has always been known for its good food, but this only applied for inbound business, that is, food available in the country. Singaporean restaurants around the world are few and far between, and hardly heard of. Singaporean cuisine is therefore far, far behind in terms of international presence, as compared to, say, Japanese or Thai cuisine.

Once again, the situation is changing today. The inclusion of Singapore's hawker centre culture on UNESCO's Representative List of the Intangible Cultural Heritage of Humanity in 2020[9] is a boost for confidence, a vital ingredient for success and growth. Old Chang Kee is an example of a Singaporean F&B company that has physical stores not only in neighbouring Indonesia and Malaysia, but also in Australia and the United Kingdom. With the greater rise of e-commerce driven by the pandemic, Singapore-made products like Irvin's salted egg fish skin can now be ordered online and delivered to countries as far as the United States.

The way ahead may be uncertain post-Covid-19, but Singapore's enterprises and enterprising individuals who can connect with the nation brand can feel surer of themselves as they move forward.

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