

Improving Profitability in a Converging Asia



by Simon Littlewood
President Asia Now

The Asia Pacific Economic Cooperation (APEC) forum has committed to the abolition of trade barriers for the industrialized Asian economies by 2010, and for the non-industrialized by 2020.

Already, there is widespread deregulation of hitherto protected domestic industries, such as power and telecommunications, and growing pressure for more rapid liberalization of other sectors.

Asian companies in growing numbers are recognizing the need to undertake significant re-engineering efforts to make the grade.

In a marketplace which no longer has protected backwaters, high service levels and cost-effective processes will become essential attributes of successful businesses.

For multinational corporations seeking a regional growth or established Asian enterprises calculating a response to deregulation and the increasing presence of foreign competitors, chances are that customer service and cost control will be high on the agenda. Whether the goal is to reengineer existing operations for increased competitiveness or to fund expansion

into new markets, companies should focus on the relationship between return on capital and process efficiency to achieve these objectives.

“In any market, optimum processes equal optimum cash flow”, says Simon Littlewood.

“Whether you are looking to pay higher dividends by reducing borrowing or to find cash to finance growth, the recipe is the same. Increasingly, Asian companies are realizing that they can learn from the experience of Western businesses that have been forced by years of slow growth and relentless competition to develop highly refined service cultures.”

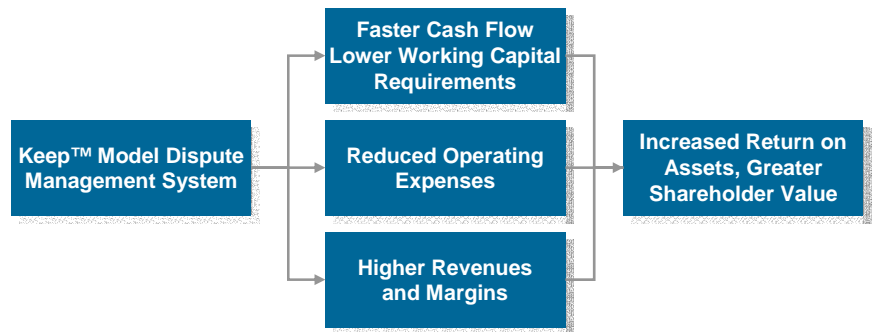
Traditionally, Asian managers have been able to rely on good contacts, excellent instincts and loyal employees to achieve their business goals. According to Mr. Littlewood, who is based in Singapore, the challenge lies in achieving process efficiency and competitive service levels without losing these attributes, which have contributed to the explosive growth rates of businesses in the Asian region.

Change is Challenge

In one recent case, a leading Europe-based Chemicals company, active throughout Asia and under threat from niche competitors with lower operating expenses, committed to increasing the competitiveness of its USD 700 million Greater China subsidiary by improving sales and service effectiveness and lowering working capital requirements.

Initial efforts to reengineer key functions were disappointing, and although cost

Benefits of The Keep™ Model



reductions were achieved, management morale was low and service levels were a source of customer frustration. Keep™, a proprietary customer dispute management methodology, was used to highlight areas of weakness, overcome resistance to change and generate consensus. Focus on dispute levels was increased, and collection activity was given a higher profile. During a six-month period, upstream processes were redesigned using dispute data to support cross-functional reengineering.

As a result, receivables levels fell by more than USD 50 million, with productivity up by 30 percent. A company thought to be one of the most problematic in the region found itself leading the tide of change by providing a working model for other managers.

“By employing an effective dispute management system, managers are able to assess how customer expectations vary across markets and develop processes that reflect local needs and circumstances,” Mr. Littlewood says. “Grafting new processes and standards onto existing operations can be challenging, especially in Asia where respect for authority tends to override the need to please the customer. Dispute management helps shifting customer preferences become more visible to management, and focuses reengineering efforts on meeting customer expectations.”

“At the age of six I wanted to be a cook.
At seven I wanted to be Napoleon.

And my ambition has been
growing steadily ever since.”

~ Salvador Dali



Your revenue ambitions may be limitless - **your cash may not**

Asia Now enables profitable growth by **reducing working capital**
and **improving sales and service productivity**

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