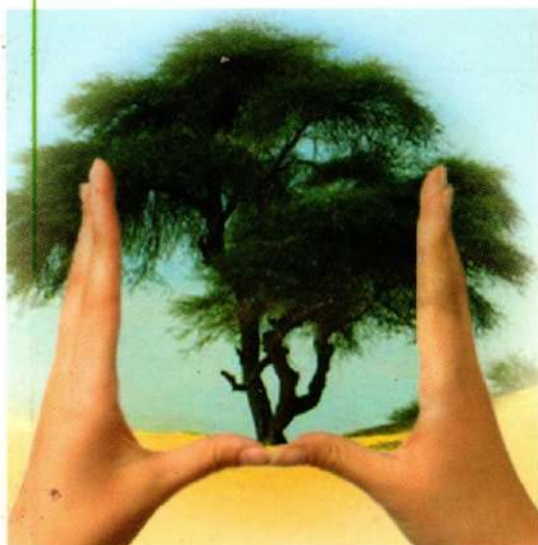


A TRILOGY ON ENTREPRENEURSHIP

Book Three

Growing the Enterprise



The Formation and Evolution of
Entrepreneurs and their Enterprises

Enterprise Life Cycle and Life Forces

Managing the Operations Function

Managing the Marketing Function

Managing the Human
Resource Function

Managing the Finance Function

Growing the Enterprise

Dr. Eduardo A. Morató, Jr.

Growing

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DR. EDUARDO A. MORATÓ, JR.

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by

EDUARDO A. MORATÓ, JR.

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FOREWORD

Book Three, *Growing the Enterprise*, nurtures and propagates the business venture. The first chapter documents the formation and evolution of three entrepreneurs and their enterprises. Lessons from the three case studies are abstracted into general guidelines for the gestation of enterprises into robust corporations. This is supported by a framework on the Enterprise Life Cycle and Life Forces originated by the author.

The next four chapters of Book Three immerse the entrepreneur in the four functional areas of enterprise development: Marketing, Operations, Human Resource and Financial Management.

Finally, Book Three tackles three more case studies on Asian family enterprises, spanning two or three generations, to highlight alternative enterprise growth strategies and expansion models. Again, the chapter abstracts invaluable lessons for the entrepreneur with a far-sighted vision and highly ambitious goals.

The Formation and Evolution of Entrepreneurs and their Enterprises

The age old debate about entrepreneurs rages on. Are they born or are they made? Do they spring out of their parents' foreheads, Athena-like, to assume their destined role in society? Or are they nurtured, bred and groomed, shaped by circumstances and situations, molded by experience and strengthened by life's crises and adversities? There is actually a bit of both in every entrepreneur, but in varying degrees. Some seem to drop on this earth like manna from heaven. Others need the hard-boiling effect of many dog-life years before finally maturing into full-fledged entrepreneurs.

The lives of three entrepreneurs are sampled from the broad expanse of Asia to shed some light into the debate. They were chosen for their passion to succeed, their business creativity and their strong entrepreneurial leadership. They appear to be modern quixotic venturers out to change and challenge "what is" in order to realize "what could be."¹

¹Eduardo A. Morató, Jr. "Born and Made to Be Entrepreneurs," Asian Institute of Management, 1998.

The first entrepreneur is Lim Bee Huat. He seemed to have fallen from the sky. He was born in 1952 in Bukit Ho Swee, a slum neighborhood in Singapore. His parents were factory workers and he was the third child among four boys and girls. When he was six, a big fire engulfed the neighborhood and the family was resettled in a two-room flat with their grandmother. Life was miserable. Fending for himself, he would pluck fruits from the trees growing along Orchard Road. He sighed at the sight of big houses lining the street, wondering if he would someday live in one of them. Bee Huat wondered whether their wealth was inherited. He deeply minded being poor and resented the unfairness of life. He then resolved to improve his lot at the tender age of eight. He wanted to work for a living right away. That is when he decided to be a “kok-kok nee” boy peddling noodles for the street hawkers. He also worked as an errand runner.

At the age of nine, Bee Huat moved downtown to work as a “kopikia” serving coffee, wiping tables and washing spittoons off the floor.” Schooling by day, moonlighting by night, Bee Huat continuously disobeyed his parents who told him to stop working. He tried learning everything about the kopitiam business and other vending trades. He eventually left home to live in the hawkers’ center and park. At eighteen, a friend borrowed money on Bee Huat’s behalf to help the latter open his very own kopitiam. Bee Huat never stopped expanding since then. In 1998, he opened the Kopitiam Food Court branch at the ground level of Le Meridien Hotel and Shopping Center at the upscale Orchard Road. It cost \$3 million to renovate. It was the fourteenth outlet of Kopitiam Investment, Pte. The company owned numerous dessert shops all over Singapore, 22 of which were company franchises.

The second entrepreneur is Jay Bernardo. Born and bred from a relatively well-to-do family, Jay studied in one of the best schools in the Philippines. His father was a professor and one-time dean at

the Asian Institute of Management, one of the top MBA institutes in Asia. Jay's entrepreneurial lust likewise developed during his growing years. His best friend and constant business partner, Allan Reyes, was an entrepreneurial wannabe like him. They tried all sorts of businesses in school such as selling food, t-shirts and others. "We tried and failed many times," Jay recalled.

After completing his college course, Jay worked for four years with Johnson & Johnson (J&J) as a night shift production supervisor in the first two years and as an industrial engineer in charge of employee involvement programs, productivity improvement and cost reduction in the last two years. This would be the expertise Jay would use to the hilt in his own business ventures years later. While at J&J, Jay and Allan cooked up the idea of videocase advertising which they broached to Pepsi Cola. They conducted surveys, observed consumer behavior, made a feasibility study and worked on a high-tech computerized presentation before facing their potential client. Pepsi was impressed with the novel concept and decided to launch Jay's innovative proposal of printing advertising material on the front and back sides of Betamax video tapes. Pepsi was scheduled to roll out this video ad campaign in Metro Manila and, in the entire country when a major promotional fiasco in a numbers game humbled Pepsi. They had to stop the video advertisement project and Jay's multi-million proposal went kaput.

Jay decided to enter the Asian Institute of Management (AIM) for his MBA degree right thereafter. At AIM he chose to do a venture thesis where the student could set up a small business venture and write about the experience, lessons learned and management processes undergone. His venture was on children's books with fellow student, Dina Go, who subsequently became his wife and co-partner in the JAD Group of Enterprises along with Allan Reyes, his best friend.