



# Innovative Financing for a Competitive Edge

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# Background

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- Product pricing & technical capabilities are no longer differentiating advantages during this era of stiff competition.
- How business owners can capture their customers' hearts when everyone is chasing after the same customers?
- How business owners can leverage on innovative financing approaches to gain the competitive advantage over others?

# Presentation Objectives

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- Challenges participants to think about what is business competition & how they have been dealing with them
- Provides participants on practical pointers on working with capital providers & their principals to structure innovative financing programs enhance businesses' ability to capture, retain and grow its customers

# Presentation Outline

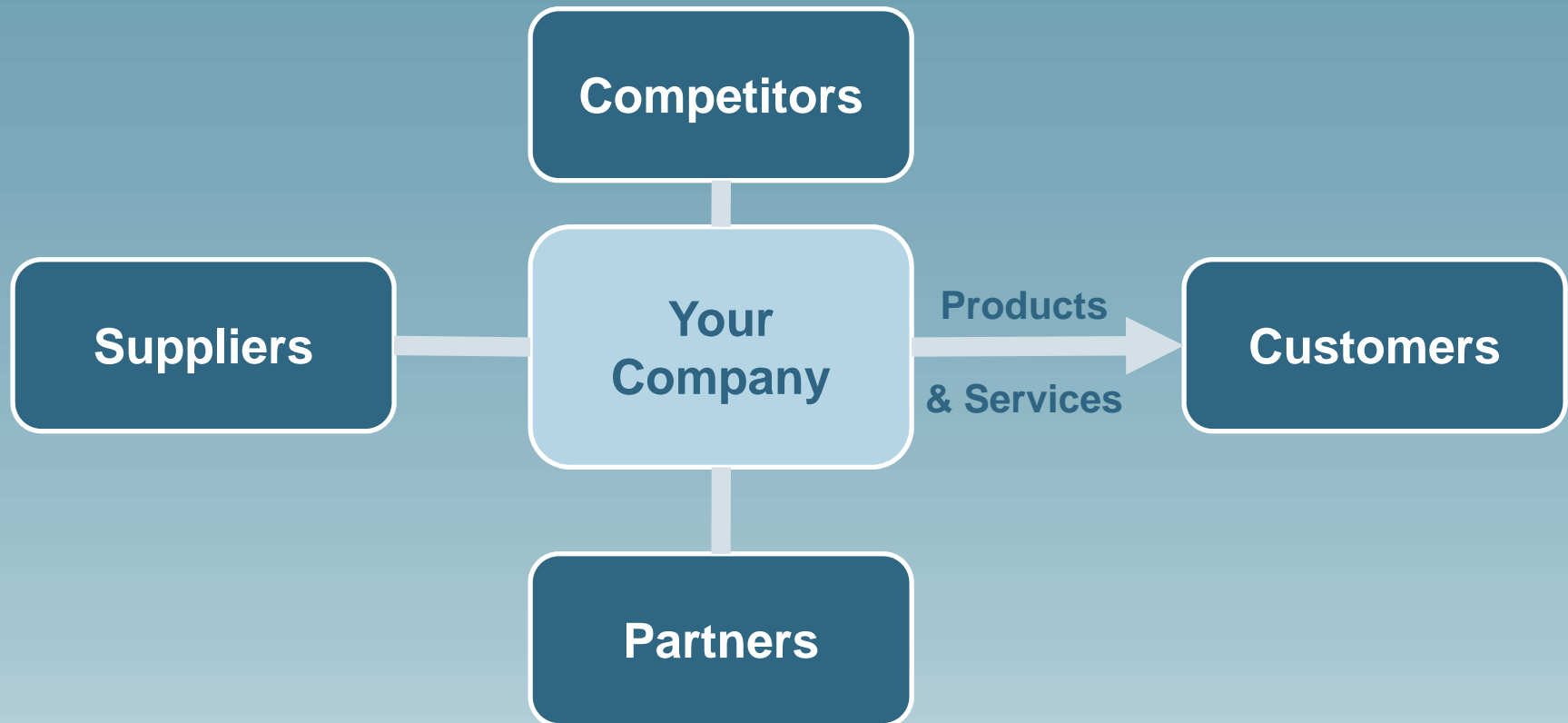
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- » Back to Basics: 4 Businesses Situations
- » Back to Basics: 4 Business Relationships
- » Common Misconceptions
- » Paradigm Shift: Compete beyond product & service excellence
- » Paradigm Shift: Grow your Biz Partners' Bottomline
- » Innovative Financing as competitive advantage
- » Case Studies

# Back to Basics: 4 Business Situations



# Back to Basics: 4 Business Relationships



What companies do you consider as Partners?  
What companies do you consider as competitors?

# Common Misconceptions

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## What are your company's competitive advantages?

- 1) Product quality & reliability
- 2) Service Excellence & Customer experience
- 3) Technical competence
- 4) Price cheaper than competitor
- 5) Connections – you know someone who can influence buying decisions

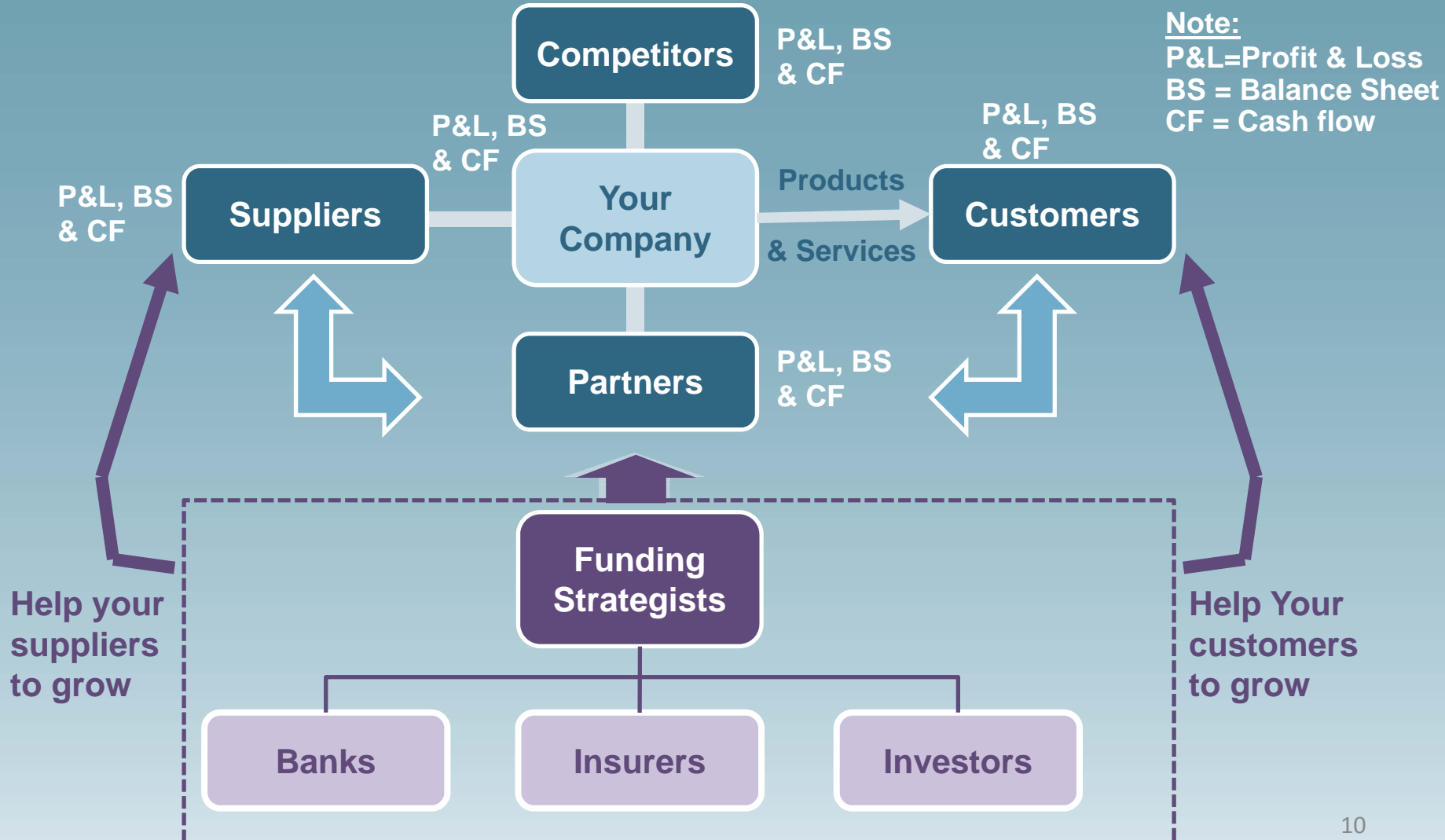
## Think about this: I don't really bother as long as I manage to sell something to the customer & make money out of him/her

- » No matter what you sell, revenue to you is cost to customer!!!!
- » Your cash increases after customer pays you. Your customer's cash decreases as a result of that!!!!

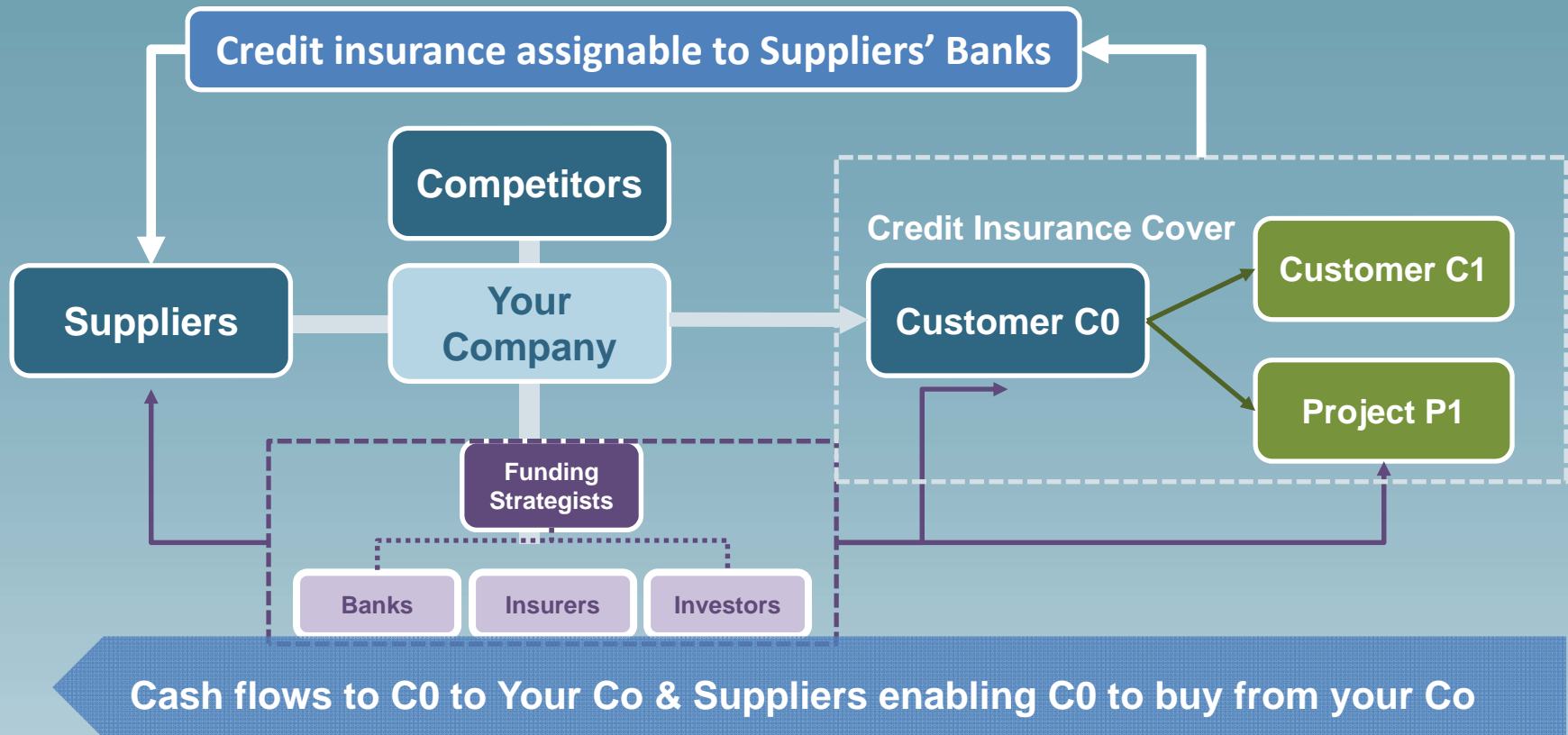
# Paradigm Shift: Compete beyond product & service excellence



# Paradigm Shift: Grow your Biz Partners' bottomline



# Mechanics of Innovative Financing



## Your Company can do the following to win over Customer C0:

- Financing structured for Customer C0's client C11 & its project P1
- Your Co is able to match C0 back-to-back payment terms by arranging flexi-funding packages to suppliers..
- Credit insurance on P1 and P2 which are assignable to Suppliers' banks

# Some Examples

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## Successful Cases

- Kitchen Installation Contractor
- Oil & Gas Engineering Contractor

## Companies losing out to competition

- Testing Services Co.
- Digital Printing Co

# Success Cases – Kitchen Installation Contractor

## Case Overview

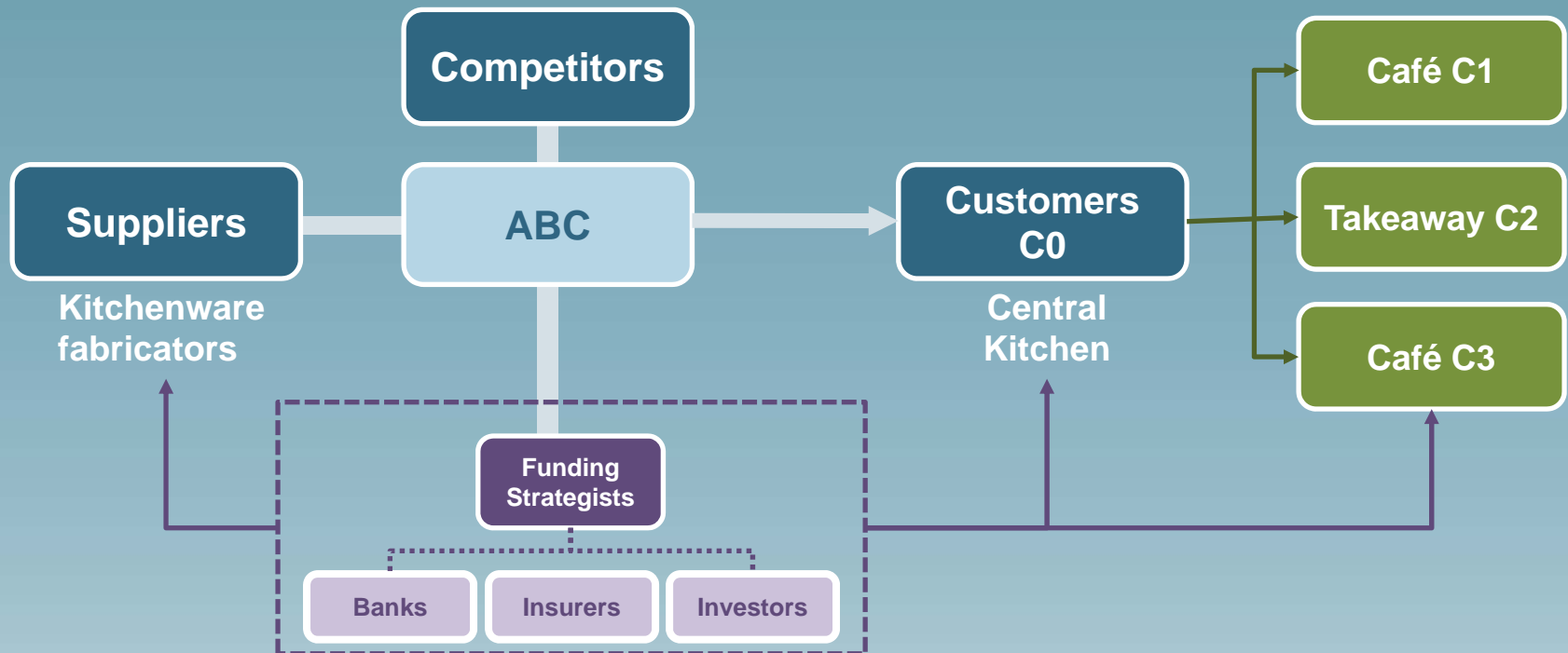
- » Company ABC has deals but No \$ to finance the deals.
- » Competitors' are large and has financial muscles.
- » Banks not keen to support Company as it is only 2 years in operations

## Outcome

ABC secured deal even with higher price of kitchenware over its competitors.

**What's the secret to ABC's success?**

# Kitchen Installation Contractor: Innovative Financing



## ABC has done the following:

- Introduced C1, C2 and C3 to Customer C0
  - Facilitated Bank financing for C1, C2 & C3 to make advanced payment to C0 which enables C0 to make advanced payment to ABC
  - Arranged Credit insurance on C0 assignable to Suppliers' banks
- ➔ **ABC is able to deliver the Kitchenware at a higher price yet Customer C0 accepted the deal despite lower prices from Kitchenware Competitors**

# Success Cases – Oil & Gas Engrg Contractor

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## Case Overview

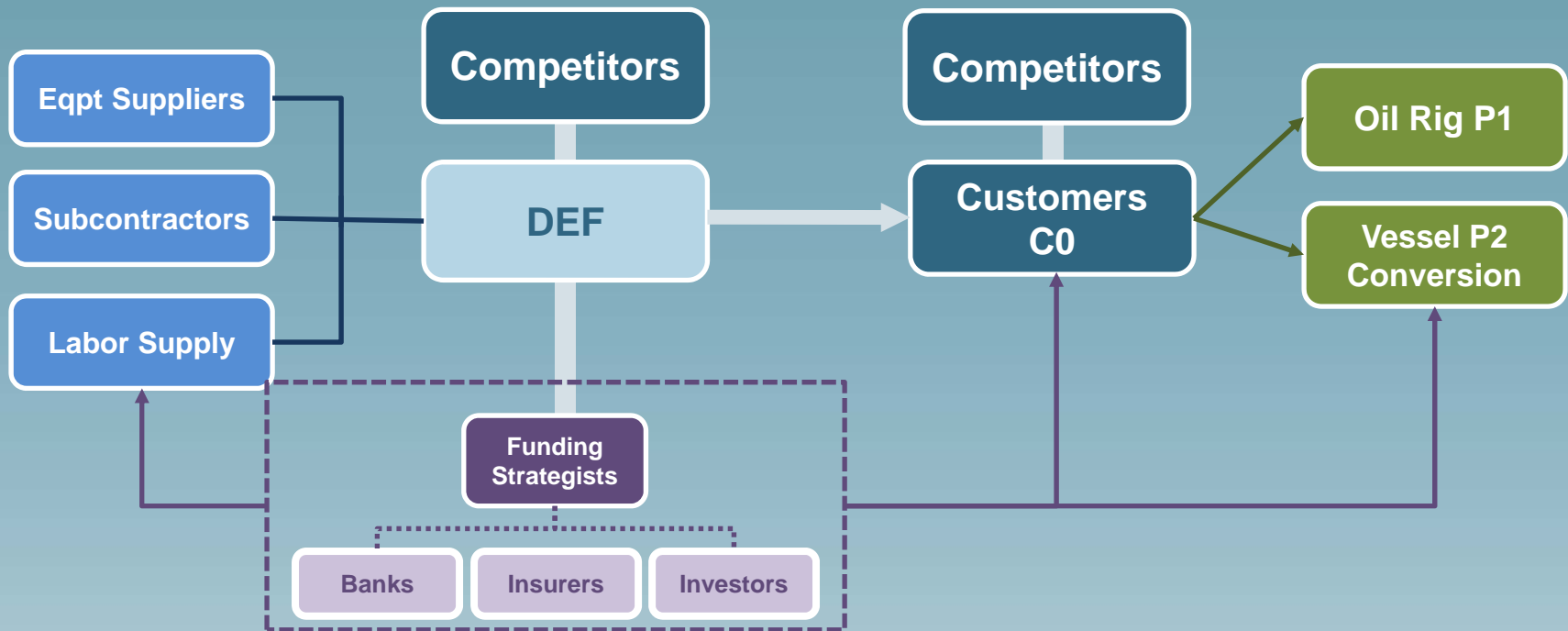
Company DEF competes with 3 other larger and stronger players on providing engineering services to main contractor in Malaysia.

## Outcome

DEF secured 2 years contract on engineering services and supply of spares & components

**What's the secret to DEF's success?**

# Oil & Gas Engrg Contractor: Innovative Financing



## DEF has done the following:

- Assisted C0 to secure P1 & P2 by structuring financing for P1 & P2
  - Facilitated Bank financing for C0 so that it can accept the progress payment terms of P1 and P2.
  - DEF is able to match C0 back-to-back payment terms by arranging flexi-funding packages for Equipment suppliers, Subcontractors & labor supply..
  - Arranged Credit insurance on P1 and P2 which are assignable to C0's banks
- ➔ DEF secured two-year supply contract with C0

# Companies losing out to competition – Testing Services Co

## Case Overview

Company XYZ has been pitching to UK principal for agency rights for SE Asia on a testing machine used in food industry & pharmaceutical industry. Company is only 2 years old. Has high technical competence and good customer feedback on its service excellence.

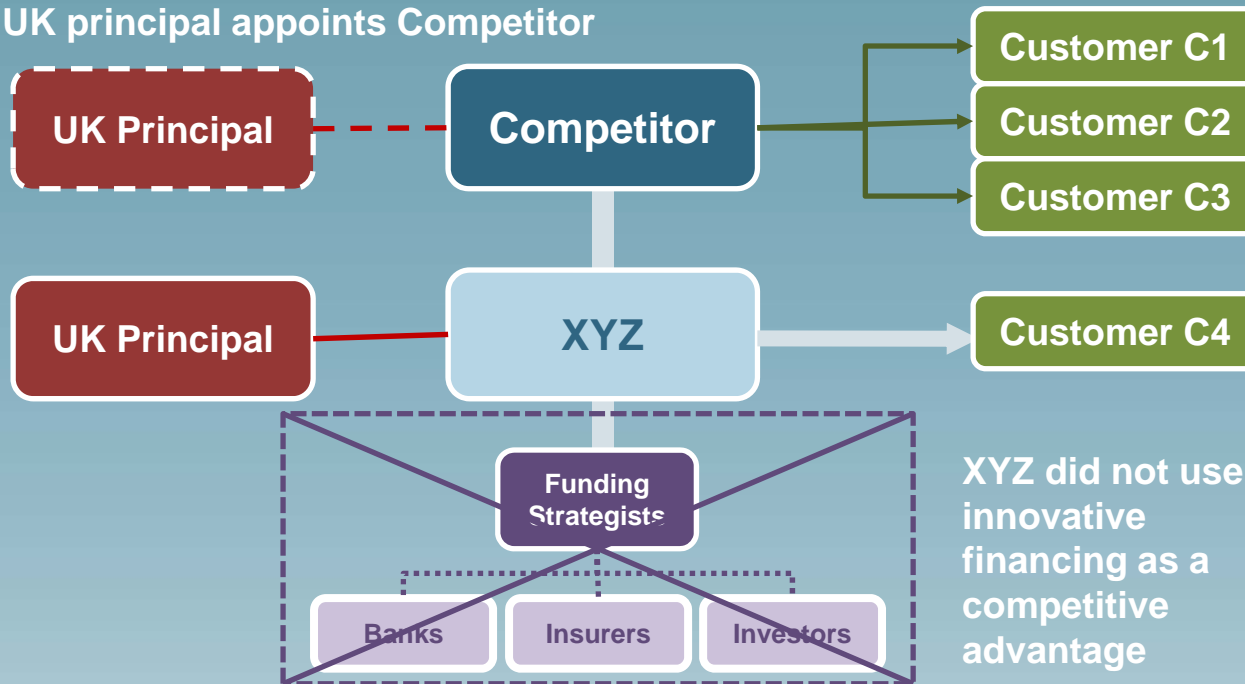
## Outcome

XYZ lost to Malaysian company which secured SE agency rights. Company has to report to Malaysian company for Singapore market.

**What's the cause of XYZ's failure?**

# Testing Services Co: Lost to Competitor

UK principal appoints Competitor



## XYZ did the following:

- Did not see the importance of structuring financing packages to capture C1, C2 and C3 while retaining customer C4
- Was trying to convince C1, C2, C3 and retain C4 based on service excellence & technical superiority. C1, C2 and C3 went to Competitor due to lower pricing. C4 may go to Competitor if XYZ did not use innovative financing to “lock in” C4.

→ XYZ lost the bid for SE Asia agency rights

# Companies losing out to competition – Digital Printing Co

## Case Overview

Company KLM has deals but No \$ to finance the deals. Competitors' are large and has financial muscles. Banks not keen to support Company as it is only 2 years in operations.

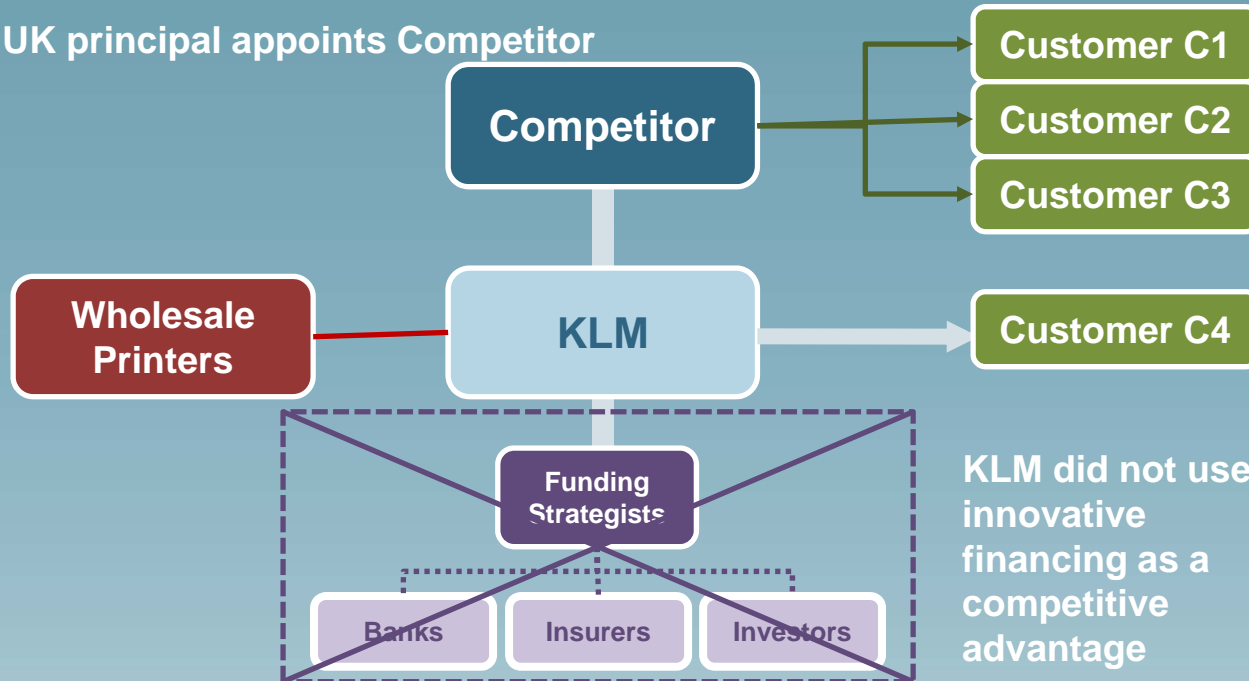
## Outcome

KLM **lost** deals to competitors even with though it can deliver the prints to customer faster than competitor. (technology advantage).

**What's the cause of KLM's failure?**

# Digital Printing Co: Lost to Competitor

UK principal appoints Competitor



## KLM did the following:

- Not aware of structuring financing packages as a competitive advantage to capture C1, C2 and C3 while retaining customer C4
- Was trying to convince C1, C2, C3 and retain C4 based on service excellence & technological superiority (support from Wholesale Printers). KLM did not have the funds to capture new accounts C1, C2 & C3 as it was not able to obtain funding support from banks.
- It did not “think out of the box” by structuring financing packages for C1, C2 and C3 and leverage on financially stronger Wholesale Printers. C4 may go to Competitor if KLM maintains status quo.

→ KLM lost the opportunity to capture C1, C2 and C3. May even lose C4 to competitor.

# End of today's Virtual Seminar

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# Thank You

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